



FEDERAL BUREAU OF INVESTIGATION

**HUEY P. LONG**

**PART 4 OF 7**

**FILE NUMBER: 62-32509**  
**SECTIONS: 5 THRU 7**

62-32509

Section

5



ACH:AI

62-32509-129 ✓

RECORDED

August 3, 1939

PERSONAL AND CONFIDENTIAL

MEMORANDUM FOR ASSISTANT ATTORNEY GENERAL ROGGE

There is enclosed herewith a copy of the report of Special Agent G. W. Dunker, dated at New Orleans, Louisiana, July 2, 1939, relative to the investigation being conducted in Louisiana.

A copy is likewise being furnished to the Attorney General.

Very truly yours,

John Edgar Hoover  
Director

Enclosure

Mr. Tolson.....  
Mr. Nathan.....  
Mr. E. A. Tamm.....  
Mr. Clegg.....  
Mr. Coffey.....  
Mr. Egan.....  
Mr. Glavin.....  
Mr. Crowl.....  
Mr. Harbo.....  
Mr. Lester.....  
Mr. Lawler.....  
Mr. Nichols.....  
Mr. Quinn.....  
Mr. Nease.....  
Miss Gandy.....

DE-INDEXED  
DATE: 7-1-59  
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COMMUNICATIONS SECTION  
MAILED  
★ AUG - 3 1939 ★  
P. M.  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

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ACH:AI  
62-32509-129

August 3, 1939

RECORDED

PERSONAL AND CONFIDENTIAL

MEMORANDUM FOR THE ATTORNEY GENERAL

There is enclosed herewith a copy of the report of Special Agent G. W. Dunker, dated at New Orleans, Louisiana, July 2, 1939, relative to the investigation being conducted in Louisiana.

A copy is likewise being furnished to Assistant Attorney General U. John Rogge.

Respectfully,

J. Edgar Hoover

John Edgar Hoover  
Director

Enclosure

Mr. Tolson.....  
Mr. Nathan.....  
Mr. E. A. Tamm.....  
Mr. Clegg.....  
Mr. Coffey.....  
Mr. Egan.....  
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Mr. Harbo.....  
Mr. Lester.....  
Mr. Lawler.....  
Mr. Nichols.....  
Mr. Rosen.....  
Mr. Tracy.....  
Mr. Carson.....  
Mr. Egan.....  
Mr. Gurnea.....  
Mr. Hendon.....  
Mr. Pennington.....  
Mr. Quinn Tamm.....  
Mr. Nease.....  
Miss Gandy.....

COMMUNICATIONS SECTION  
MAILED  
★ AUG - 3 1939 ★  
P. M.  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

**Federal Bureau of Investigation  
United States Department of Justice**

New Orleans, La.  
July 3, 1939.

Mr. Tolson	.....
Mr. Nathan	.....
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Egan	.....
Mr. Glavin	.....
Mr. Crowl	.....
Mr. Harbo	.....
Mr. Lester	.....
Mr. Lawler	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Sears	.....
Mr. Quinn Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

Director,  
Federal Bureau of Investigation,  
Washington, D. C.

**Re: LOUISIANA STATE OFFICIALS;  
INFORMATION CONCERNING.**

Dear Sir:

I am transmitting herewith the Bureau's copies of the report of Special Agent C. W. DUNKER, New Orleans, dated July 2, 1939, setting out details of interviews conducted with State Senator JAMES A. NOE, State Treasurer A. P. TUGWELL, and other individuals concerning the general situation in the State of Louisiana, and also giving the details of the 5% salary contributions made by State employees to the Louisiana State Political Party.

These interviews and information concerning the 5% salary contributions were made pursuant to the request of U. S. Attorney RENE A. VIOSCA at New Orleans, with the approval of the Director, and it is, therefore, respectfully requested that you authorize me to furnish MR. VIOSCA with one copy of the report mentioned.

Very truly yours,

*B. E. Sackett*  
B. E. Sackett,  
Special Agent in Charge.

BES:WH  
62-978

AIRMAIL-SPECIAL DELIVERY

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FEDERAL BUREAU OF INVESTIGATION	
JUL 3 1939	
U. S. DEPARTMENT OF JUSTICE	

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S.G. Weebs  
advised to  
give report  
off 7/7*

*OK.  
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# FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **New Orleans, Louisiana**

FILE NO. **62-978**

AIS

REPORT MADE AT <b>NEW ORLEANS</b>	DATE WHEN MADE <b>7-2-39</b>	PERIOD FOR WHICH MADE <b>6-28 to 30-39</b>	REPORT MADE BY <b>G. W. DUNKER</b>
TITLE <b>LOUISIANA STATE OFFICIALS</b>		CHARACTER OF CASE <b>INFORMATION CONCERNING</b>	
<p><b>SYNOPSIS OF FACTS:</b> Interviews with State Treasurer, officials State Highway Dept., and official U.S. Bureau Public Roads indicate that caution is exercised in connection with collecting 5% contributions from State salaries so that no contribution will be obtained from any person whose salary may be reimbursed in whole or in part by Federal Government, so far as State Highway Department is concerned, and that this practice has been uniform since 1935. Information received that 5% contributions obtained from employees of all but few State departments, and indications are this money accumulated by J. M. FUSH, Business Mgr., Board of Commissioners of Dock Board of State of La., at New Orleans. State Party reported to have no Treasurer who takes care of or makes accounting of party funds or of these contributions. JAMES A. NOE, State Senator of Louisiana, advised he had promised newspapermen everything he got on irregularities in La.; that 5% contribution is collected by heads of State departments from employees who are paid with mingled State and Federal funds, but claimed he would not supply complete detail of irregularities unless he could be assured Washington would carry through prosecution. CHESTER MARTIN, formerly employed La. State Highway Commission, alleged he paid 5% kickback contribution. JOHN CAMERON NELSON, former employee of State Employment Bureau, under subpoena to appear before grand jury inquiring into WPA irregularities, claims that officials of State Employment Bureau, including B. W. CASON, have embezzled Social Security funds paid out under unemployment compensation by causing duplicate pay orders to be issued which were subsequently destroyed after checks issued thereon had been cashed by employees.</p>			
APPROVED AND FORWARDED: <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES	
COPIES OF THIS REPORT 5 Bureau 5 New Orleans		<div style="display: flex; justify-content: space-between;"> <span>62 32509 129</span> <span>JUL 24 1939</span> </div> <div style="text-align: center; margin-top: 10px;"> <b>JUL 8 4 PM</b>  <i>[Initials]</i> </div>	
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AT BATON ROUGE, LOUISIANA

The following investigation was conducted by Special Agents J. O. PEYRONNIN and C. E. WEEKS:

On June 28, 1939, on telephonic instructions of Special Agent in Charge, Agents interview Mr. ANDREW P. TUGWELL, State Treasurer for the State of Louisiana at his office. Mr. TUGWELL confirmed items appearing in newspapers of recent date to the effect that he had been calling on his opponents in the gubernatorial race to explain the disposition of the 5% deductions from salaries made from numerous employees of the State of Louisiana. He said that he does not pay 5% of his salary to anyone; that it is not deducted; and that no such deductions are made in his office; that when he first took office in 1934, J. M. FUSH, Business Manager of the Board of Commissioners, Dock Board of the State of Louisiana, came to his office and talked to one of his assistants and asked for the 5% contribution from his employees; that he was informed that Mr. TUGWELL was not there. He came back the next month and at that time he was informed that he was not going to get any 5% contributions from that office. He never came back and has never made any attempts to secure such deductions from the employees of the State Treasurer's office. Mr. TUGWELL said that he does not believe that such contributions are made in the Department of Education, and possibly one or two of the other departments, but he believes that other than that the practice is pretty general; this, of course, he says he cannot state as a matter of firsthand knowledge, but it is a matter of hearsay, and he is satisfied in his own mind this is a practice and procedure. He said, however, that he has no information that would tend to prove that this is obtained by extortion; that he has never heard of any individual being relieved of his duties for failure to make such payments, and he feels it is quite possible no person ever has been fired for refusal or failure to make these contributions. He stated that they are not actual deductions from the salary checks of the employees, but that they are collections of cash amounting to 5% of the monthly salary, made once a month. He recalled the case of CHESTER MARTIN which received a great bit of notoriety, in which case MARTIN, an employee of the State Highway Commission, alleged that deductions were being made from salaries of employees of the State Highway Department engaged on Federal Aid Projects. He stated that MARTIN made a mistake in that case because MARTIN had refused to make the contributions and was never fired for that; as a matter of fact, MARTIN continued in his employment for some time and then commenced outside activities attempting to bring the matter to a head in the State Senate, and made such a nuisance of himself that they were apparently justified in relieving him of his duties. When questioned as to whether he could name any source of information where first-hand evidence of such collections being made could be secured, he stated that he could not, despite the fact that he is satisfied that thousands of State employees do make such contributions. When asked what disposition is made of the money collected, he stated that there is no information available to him as to where the money



does go and that he does not know for a fact, but he strongly believes that all this money is collected by FUSH and turned over to Mayor ROBT. S. MAESTRI of New Orleans. The ostensible purpose for this collection is to provide the party with campaign funds. When asked if he had ever benefitted from such campaign funds he stated that he had not; that at the time he ran for his present office he paid all of his own expenses, such as traveling expenses, and as far as advertisements for the ticket, which included the use of a bandwagon, etc., he received a "free ride" and he does not know how that part of the campaign was financed.

When questioned as to whether the Democratic Party or the Administration faction of the Democratic Party had a treasurer with whom the funds of the party were deposited, he stated that if they had such an office or position he had never heard of it; that there is no party treasurer, and he did not know any way any accounting has ever been made of any contributions or campaign funds within the State. Asked how this practice was inaugurated, he stated that during the administration of HUEY P. LONG, he occasionally levied a demand for contributions of 5% of the state employees' salaries when his campaign expenses required it, but that when RICHARD W. LECHE became Governor this became a permanent thing and the state employees were required to make these contributions, not only when needed but every month. He had no information as to the uses the fund derived from such contributions was put to, but said that he had heard that certain persons were on the State payrolls whom he had never been able to find were on any particular State payroll, and assumed that they were receiving a salary out of this fund; he mentioned, for example, DR. GEORGE LONG, brother of the present Governor and the late Senator HUEY P. LONG, and also Mrs. LONG, the widow of the late Senator LONG. He said it is quite probable they are drawing a salary from this fund, although he does not know that for a fact. He stated that whatever use or disposition is being made of the funds, he believed that no one would be paying income tax on it, and that would probably be the best angle to approach an investigation or prosecution from; that he does not believe any coercion could ever be proven. When questioned as to the possibilities of Federal funds finding their way into such contributions, he stated that it is very doubtful to him that such is the case, or if so, that such could be proven to be the case. He said the State Highway Department is the chief beneficiary of Federal Aid among the state departments; that he understands that the Welfare Department and Labor Departments also receive some Federal funds, but he could not elaborate on this or explain just the nature of these funds or the uses to which they were put. However, he said as to the Highway Department, that there are certain projects toward which the Government makes grants or extends Federal Aid; that it is his understanding these are all contractual projects, and that the government aid goes to the payment of contractors except that one branch of employees of the Highway Department known as the engineers and draftsman do some work on these projects, and it is his belief that their salaries were reimbursed in whole or in part by the Federal Government, and he said that a check could be made as to this angle of it. However, he said it



is quite possible that if such is the case, those particular employees are not making contributions because he is certain the persons within the administration had been very careful not to involve themselves in violations of any federal statutes in connection with such activities. Asked as to the handling of Federal funds through his office, he stated that there is maintained an account in the bank for each department and possibly several accounts for a department; that, for example, in connection with the Highway Department, a certain amount of money is appropriated for their use each year and when such money is available to his office it is deposited to the account of the Highway Department in what is known as the General Highway Fund. He stated that when Federal funds have been furnished his office for the State Highway Department, they are deposited in an identical manner as State funds, and his office maintains no separation of such funds, but they are mingled so far as his office is concerned, and that so far as his office is concerned no accounting has to be made for the use of such funds; that his office merely acts as a bank or depository for funds of the State, the uses of which have been designated by the Legislature, and that when withdrawals are made vouchers are prepared which must be sent with the proper proofs to the State Auditor's office, where they are approved and they are then sent to his office and paid without question by his office. He did not know exactly how the individual departments made their accounting to the Government for the use of funds of the Government, or how it claimed reimbursements from the Federal government for the funds that have been expended. He stated that that information would have to be obtained directly from the department itself. Mr. TUGWELL was asked if he had any information as to what total the monthly contributions might reach and he stated that while he had no factual information, in his opinion, it probably ran as high as \$20,000 or \$25,000 per month from his judgment of the number of State employees and the probable extent of the State payroll.

During this interview, Mr. TUGWELL exhibited to agents a letter he received dated June 26, 1939 from ROBERT C. WEBER, 2812 Laurel Street, New Orleans, which read as follows:

"Dear Sir:

I would like for you to let me have some information. I have been told that my name is or has been carried on the state payroll for \$100 per month. I have been suffering on account of this because lots of my friends said to me I don't need any work. This check is said to come to Joe Weber, Assessor of the 4th District, 10th and 11th Wards in New Orleans. I would like for you to secure one of the checks or tell me if this is true."

"Hoping to hear from you soon,

Yours very truly,

/s/ ROBERT C. WEBER "



Mr. TUGWELL said that such letter indicated to him that there were probably numerous fictitious persons on such payrolls throughout the state; that, however, he had no way in which he could personally check the present instance or check any such instance.

Incidental to this interview, Mr. TUGWELL also mentioned that while his office is a depository for State funds, it does not handle funds of the Louisiana State University or the Charity Hospital, at New Orleans; and that his office had no contact with WPA funds, PWA funds, or other government grants or contributions. Mr. TUGWELL remarked that the Department of Education of the State of Louisiana sold five or six millions of dollars of bonds five or six months or so ago, and that in addition to these five or six millions of dollars of bonds, the United States Government gave the Department of Education a grant of about four millions of dollars; that, however, none of these funds or monetary matters were handled through his office.

It might be noted, in this connection, that Mr. TUGWELL was not very familiar with the functions of his office in handling funds, as indicated by his reaction to a number of the questions put to him, and he was forced to call upon assistants to advise him as to the manner in which funds received from the Federal government were deposited and as to whether any accounting was kept as to the uses of such funds.

It may be noted, in this connection, that Mr. TUGWELL frequently referred to as "PAT" TUGWELL, is from Winnfield, Louisiana and is a candidate for Governor of the State of Louisiana; that he was previously chairman of the Highway Commission of the State of Louisiana, and he informed agents that previous to that he was connected for a number of years with the railway owned and operated by the Tremont Lumber Company at Winnfield, Louisiana.

It was ascertained that ALICE LEE GROSJEAN, who in private life is MRS. WILLIAM A. THARPE, resides at 727 Lafayette Street, Baton Rouge, Louisiana, telephone number being 3340. She was absent from the city during this investigation.

Interview was had with J. M. NOGENT, Vice Chairman, State Highway Commission, in the absence of the Chairman, Mr. ABERNATHY. When questioned as to whether he contributes 5% of his salary each month to any person, he stated that he does not, but that he wished 5% was all he had to contribute; that he makes contributions whenever he is called upon for same, after securing advice as to how much he ought to contribute. He said that it is a common practice for 5% of the salaries of the most of the employees of the State Highway Department to be collected as contributions to campaign funds by FOSTER COUVILLION, Purchasing Agent for the Department, but he said he did not know to whom these funds were paid by Mr. COUVILLION; that he did not know who was the treasurer of the party or of the faction of the party to which he belonged who handled these funds, or anything further about them after they reached Mr. COUVILLION. He stated that



no one is forced to make such contributions according to his understanding, and so far as he knows no one has ever been fired or subjected to any administrative action for failure to make such payments. He stated that as long as he does not have to make them himself, he does not try to follow what is done with them. When questioned as to whether any of the employees of the department engaged on Federal Aid Projects made such payments, he stated he is certain they did not. When questioned as to the nature of Federal Aid received by his department, he informed frankly that he is not altogether familiar with it and it would be necessary for him to call upon the employee of the department who handles Federal Aid to find out.

Accordingly, interview was had with W. D. POSTELL, Assistant Office Engineer in Charge of Federal Aid of the State Highway Department, this interview being made in the presence of Mr. NUGENT, who stated that he himself was interested in finding out how federal funds were handled by his department. Mr. POSTELL explained that under the Federal Highway Act of 1916, Federal contributions known as Federal Aid, were made to each state on the basis of population, area and number of miles in the state highway system. This money is derived from the excise tax on automobiles on the basis of the amount of such taxes obtained or collected in the year 1916. Each state is advised of its allotment for each fiscal year; thereupon the state which has, of course, furnished the Federal government through the United States Bureau of Public Roads, a plan of its Federal Aid highway system, which should not exceed 7% of the total mileage of roads within the state, which limitation is made by statute. He stated for the fiscal year closing on the date of the interview, which was June 30, 1939, the State had received \$1,791,000 of regular Federal Aid; in addition to that they had received an apportionment of \$358,000 for "feeder" roads, which is for the benefit of farmers to reach the state highway system. In addition to this, under the emergency act, they received a grant of \$2,000,000 to be used exclusively in the elimination of grade crossings. These grants or appropriations by the Federal Government may be used only for the payment of contract work let under a system of bidding approved by the U. S. Bureau of Public Roads, the bid of the lowest bidder being accepted in event investigation proves him satisfactory both to the State and to the U. S. Bureau of Public Roads. The State makes up what is known as a P. S. & E. Plan -- this is a Plan, Specifications and Estimate -- on each project that is to be undertaken during the fiscal year. This plan is submitted to the U. S. Bureau of Public Roads for approval. If approved, then the contracts are let. On each one of these estimates is added 10% for engineering and contingencies which is not paid or allowed by the Federal Government until the entire project has been completed, and then only if the cost of such services does not exceed 10% of the contract. On each Federal Aid Project undertaken are resident engineers. These resident engineers may not devote their full time exclusively to that particular Federal project; they may put just one day a month or one, two, or any given number of days; they may be engaged in connection with two or three federal projects or they may work two or three days each month and the remainder of the month on a purely State



project. When each Federal project is undertaken and when work actually commences, they write a letter to J. A. ELLIOTT, District Engineer, U.S. Bureau of Public Roads, Fort Worth, Texas, advising the date on which work began and the name of the resident engineer and the name of the contractor are submitted. The engineer, of course, is a State employee.

Mr. POSTELL stated that every employee of the State Highway Department makes a contribution of 5% of his salary each month to Mr. FOSTER COUVILLION, Purchasing Agent, as a contribution to campaign expenses, except those individuals who work in connection with the Federal Aid projects; that even if an individual works one day on one of these projects he is not required or asked or permitted to make such a contribution. He stated that he himself makes this contribution and that he was hoping that his salary might be reimbursed by the Federal government so that he could get out of paying the 5%. He stated, however, that no one is forced to pay this 5%; that there are some individuals in the Department who have been refusing to pay it and they have never been fired, and no one has ever taken action against them. He stated from that it does not appear to him that it is a matter of actual coercion.

As to the manner in which Federal funds are contributed to these projects, Mr. POSTELL explained that as work progresses on a particular Federal Project, the contractor bills the State Highway Commission for his estimate of expenditures for the month, including the labor and materials, all of them being furnished by the contractor. The Highway Department then upon looking this over if they find it is satisfactory pays him 85% of his estimate, reserving 15% for contingencies. They then submit the voucher to the U. S. Bureau of Public Roads, whose local office is in the Post Office Building, where it is audited and approved and sent to the District Engineering Office in Fort Worth and from there to the head of the Bureau in the Department of Agriculture in Washington, D. C. for ultimate payment. However, as to the resident engineers or any employees of the State Highway Department engaged in connection with the project, the Federal Government will not pay any funds until the project has been absolutely completed, at which time the final estimates on the project are drawn up and the name of each resident engineer or other State employee engaged on the project is furnished, together with the statement of the number of days he worked each particular month on that particular project; that that information is sent to the local office of the Bureau together with the full recapitulation of the cost of the project, and if everything is satisfactory to that Bureau, it will reimburse the State for the engineering cost on the same basis it will reimburse the State for other contractual expenditures, which is on the basis of 50%. There are certain items of such projects which the U. S. Bureau of Public Roads will not approve and will not contribute to, such as right of way, either purchasing or making available right of way.



Mr. POSTELL exhibited to Agents records kept in connection with the Federal Aid projects. It is noted that in the final accounting there is attached a list of sheets showing the statement of engineering costs, these including the name of the particular engineer, the days he devoted to that particular project each month, the rate of his salary, and the amount charged that particular project; as, for an example, an engineer spent one day in connection with a particular project, his salary is stated to be at the rate of \$200 per month and there was charged against the project the amount of \$9.44 engineering costs, of which they hope to recover 50% from the Federal Government. This itemization goes only to the local office of the Bureau of Public Roads, and that would be the only Federal office that had the names of individuals, a recapitulation only going to the District Office and the Washington headquarters. As to grade crossing projects, these are handled in exactly the same manner except that the government will reimburse the State for 100% of eligible items as distinguished from 50% in the regular Federal Aid projects. It will not, of course, purchase right of way. Mr. POSTELL was very carefully questioned as to possible contributions by any employees of the State Highway Department in whose salary there might be any contribution by the Federal Government in any form, and he stated very positively that such salaries had at all times been exempt from such contributions, and that even if such employees volunteered, they would not accept such contributions from them. As to the handling of Federal funds, he stated that the government never paid anything in advance, but that the State always paid for everything and that such funds were thereupon reimbursed by the Federal government so that no Federal funds were used to pay anyone directly, not even the contractor. He said a careful accounting is kept at all times of what Federal funds are used, and what they are used for, and that Auditors of the U. S. Bureau of Public Roads come around frequently to check this. However, he said there is maintained in the American National Bank in New Orleans a separate account which they refer to as the Federal Highway account, into which all the Federal contributions or reimbursements are paid, and from which account they are transferred to the general highway fund, and that no actual expenditures are made from this account, they being merely for the purpose of facilitating the account. He stated that when the Federal Treasury sends a check to the State Treasury for such funds or reimbursements, the check is sent to him; that he attaches thereto a note showing the distribution made of the money for which this is a reimbursement. The check, with this note attached, then goes to the Auditor's office, where an entry is made and the check is returned to the State Treasurer, who deposits it in an account to the credit of the Highway Department. When asked for a concrete example of a project under way where State Highway employees are being used, he referred to the Mississippi River Bridge being constructed at Baton Rouge. He stated that this is a Federal Aid highway project; that the bridge will cost about \$9,000,000, and that there will be approximately a \$2,000,000 Federal contribution thereto. He said that about 26 employees of the State Highway Department are engaged in connection with the bridge, under the Project Engineer, Mr. ERICKSON, these men test materials and make other inspections in connection with the work, report on its progress, etc. Questioned as to whether any



of these men are making contributions to the campaign fund, he said that not one of them is, although they are being paid out of the State funds at the present time, for the reason that it is hoped that some of these funds will be reimbursed by the Federal government when the project is completed. Mr. POSTELL further stated that he had in his office a record of every Federal Aid project in the State since 1919, and that a copy of this record is on hand in the local office of the U. S. Bureau of Public Roads, and at Washington. The cost of the activities in connection with each of these projects is broken down and segregated in these records so that there is a full accounting for every expenditure. At the present time there are 34 Federal Aid projects under way in the State of Louisiana.

On June 30, 1939, Agents WEEKS and PEYRONNIE interviewed M. J. CRAMER, Senior Highway Engineer of the Bureau of Public Roads, United States Department of Agriculture, Post Office Building, Baton Rouge, Louisiana, who is the head of that office at Baton Rouge. Mr. CRAMER verified practically all the information given by Mr. POSTELL. He stated he had been situated at Baton Rouge for a number of years; that he understands fully through reports that frequently reach him, sometimes through the newspapers, sometimes as a matter of gossip, but generally understood and known, that employees of the State Highway Department contribute to Mr. FOSTER COUVILLION, Purchasing Agent, 5% of their monthly income, which is alleged to be a contribution for campaign expenditures. He had no information that this was compulsory. He said he had heard that there were some who had refused to pay and had been fired. Questioned as to whether any employee of the highway department whose salary might be reimbursed by the Federal Government was making any such contributions to his knowledge, he stated that, of course, he could not make a statement as a matter of fact, but that he feels certain that they are not; that it is commonly known and referred to around the State Highway Department that to get assigned to a Federal Aid project is equivalent to a 5% raise in salary. He said further that he and the inspectors working under him are quite familiar with the employees of the State Highway Department, particularly the resident engineers, who are the only employees whose salaries might be reimbursed by the Federal Government, and that he feels confident that word would come to him if any of these individuals made such contributions. He said it is his recollection that some years ago, about 1933, when the Senate Investigating Committee was in New Orleans investigating HUEY LONG'S income, an individual named HENRY RICHARDSON, a resident engineer, was testifying before the Committee, and testified to having made the 5% contribution and was asked if they were voluntary and he said they were not on his part. He said he was not certain that this information was correct but that he has some recollection to that effect; and he said that thereupon there was a great deal of ado about the matter, and he had himself consulted A. P. TUGWELL, present State Treasurer, who was then Chairman of the Highway Commission, about the matter, and Mr. TUGWELL assured him that no employee of that department whose salary might be reimbursed by the Federal Government, in whole or in part, would ever have to make any



5% contribution, and as a matter of fact they would not be permitted to. He stated that it is his understanding that ever since that time, there has never been a 5% contribution made by any person engaged in connection with a Federal Aid project.

With reference to the construction of the Mississippi River Bridge at Baton Rouge, Louisiana, he verified the information given by Mr. POSTELL that there were about 25 or 28 engineers engaged on the project, but stated that it is his understanding that none of them are making the contribution, and that he believed that he would hear it if they were. He said that if they were making such contributions and it was found out, of course the State would just not put in any claim for reimbursement of the salary, so he suggested that if any investigation was going to be made, that the only investigation that would be feasible would be that on projects which had been completed, because the State could always thwart an investigation on a pending project by not claiming reimbursement. He said, however, he would be greatly surprised if anyone found that such contributions had been made, inasmuch as they are quite interested in keeping tabs on such situations.

The statements of Mr. POSTELL as to the manner of keeping records of these projects, and the manner of handling the funds, he verified in their entirety. He exhibited records of his office reflecting about the same thing as those exhibited by Mr. POSTELL, and indicating that he had the name of every resident engineer or State Highway employee whose salary had been claimed for reimbursement in whole or in part out of Federal Aid money.

He was asked as to whether the salary of CHESTER MARTIN who had caused a great deal of attention to be focused on the alleged "deduct" situation sometime ago had ever been reimbursed by the Federal government, and he said that it had not; that MARTIN was a clerk in the State Highway office, and that his salary was not one which could be reimbursed by the Federal Government in connection with any Federal Aid project; that he was paid entirely out of administrative expenses of the State Highway Commission, to which the Federal Government contributes nothing.



AT NEW ORLEANS, LOUISIANA

The following investigation was conducted by Special Agents  
R. L. SHIVERS and C. W. DUNN

On June 30, 1939, between 11:00 a.m. and 12:10 p.m., JAMES A. NOE, State Senator from Monroe, Louisiana, was interviewed in Room 730, St. Charles Hotel. Pursuant to instructions from Special Agent in Charge B. E. SACKETT, NOE was requested to come to the New Orleans Division Office; however, NOE advised that he did not want to take the attitude that he was running to the office for help, but wanted to be honest and was going to devote his money and efforts to cleaning up Louisiana politics. He further advised that he was being followed, and if it was found out he came to the New Orleans Division Office, it would result in unfavorable publicity; that he would, however, cancel all appointments in event Mr. SACKETT wished to talk to him at the hotel.

In this connection, NOE advised that he received two anonymous telephone calls which had threatened him to "lay off." NOE inquired as to the reason for interviewing him, and he was advised that agents had been instructed to interview him for the purpose of obtaining information which might indicate a violation in which the United States is or might be a party in interest, involving a violation of the law over which the Bureau had investigative jurisdiction. At this time NOE was requested to keep the interview in confidence. NOE did not indicate that he would keep the interview in confidence, and advised he had previously promised DREW PEARSON of the Washington Merry-Go-Round and McCORMICK of the Chicago Tribune that he would give them all the information he received, and which they would publicize throughout the country, as he believed these men were honest and would assist him in this fight.

NOE advised that with reference to the 5% kickback, usually 40% government funds are used in the project and about 60% State funds, which go together in the general fund of the Highway Department; that a certain portion is paid to the contractor, and a certain portion is paid to the supervisors, which would result in their getting 40% government money, and the supervisors in turn are required to kick back 5% of their salaries to the heads of the departments, as well as the people working for the contractors; that this 5%, after being collected from the heads of the departments, is reported to be turned over to ROBERT MAESTRI, and is reported to amount to over a million dollars a year. NOE advised that CHESTER MARTIN probably could give more detailed information relative to the kickback.

NOE advised that with reference to the bridge at Baton Rouge, he had received information that part Federal money went into the project, and that the employees were required to kick back 5%; that in this project the employees are paid out of mingled Federal and State funds. He advised that one of the engineers on the project, whose name NOE would not mention, claimed that the politicians were stealing \$800,000 on the project, but NOE would not explain how this was being taken.



NOE advised that a lot of equipment was purchased for the Louisiana Polytechnic Institute at Ruston, Louisiana by State and Federal money, and it was arranged whereby the Standard Office & Supply Company, Monroe, Louisiana, would make a bid of between \$60,000 and \$70,000 dollars on the furniture, which bid they did receive. He advised that upon delivering certain furniture and fixtures, one of the teachers at the school objected to the goods delivered not being up to specifications whereupon ABERNATHY called the Governor, and the Governor instructed the school to accept the fixtures. He advised that about \$30,000 was reported to have been made on this deal; that KILPATRICK of the Standard Office & Supply Company, using ABERNATHY'S influence, sold office furniture and fixtures to schools and court houses all over the State.

NOE advised that he had already supplied the Attorney General with copies of affidavits relative to irregularities in the WPA and understood that the Bureau received copies. He advised that he was getting three additional affidavits from men who put bricks in a house of RICHARD LECHE and marked the bricks when they put them in for future identification, and that these bricks used were WPA bricks. NOE advised that the Maxwell Supply Company of Houston, Texas sold a certain kind of mud which was used in oil wells and was absolutely necessary to drilling; that all the oil companies in Louisiana are forced to buy mud from this company, and that Governor LECHE was head of this company.

NOE advised that EARL K. LONG has purchased a great deal of property in New Orleans and in Winnfield, Louisiana, and has large herds of cattle; that LONG has sold thousands of dollars worth of cattle to the State institutions. NOE advised he is presently checking LONG'S property holdings.

He advised that STANLEY BEHRMAN and HAMPTON REYNOLDS have separate contracting companies; that they sell cement to WPA and PWA and are the only companies that are permitted to bid on this material; that they will alternate in their bidding, one bidding high and one bidding low; that REYNOLDS fictitiously has his company at Birmingham, Alabama, so it will look better. He advised that no other companies are permitted in any way to interfere with the operation of these two companies in their bidding on projects as aforesaid. He advised that WILLIAM J. HAYS, another contractor, bid on a job in New Orleans and obtained the job; that he was the lowest bidder, but that MAESTRI closed down this project; that they went out and found how much profit HAYS would make on the job and paid HAYS \$6,000, whereupon HAYS quit the job and one of the other companies took it over; that HAYS is now in California and is afraid to talk, but that his wife would "talk her head off."

NOE advised that he received information from a person whose name he would not mention but who was present at the time LECHE resigned, that ROBERT MAESTRI and EARL K. LONG told LECHE he would have to resign



but that LECHE did not want to do so as he was trying to make a come-back by exposing SMITH; that LECHE did not want to quit and cried like a baby when he was forced to. NOE further advised that he presently has a man working for him who is right next to LONG and will keep him advised of everything that goes on, but he would not mention this man's name.

With reference to vote frauds, NOE claimed that JIMMY MORRISON of Hammond, Louisiana had affidavit of vote frauds which took place in the last election (this has already apparently been checked).

NOE stated that in making his investigation he had tried to protect Dr. SMITH as he felt that Dr. SMITH was all right, and he believed that Dr. SMITH became dishonest because he saw everyone else taking graft and decided he would take some himself. NOE advised that the set-up in the State was that EARL K. LONG, RICHARD W. LECHE and ROBERT MAESTRI were the ring leaders, while E. W. JACKSON, CLEM SHERY, SHIRLEY WIMBERLY, GEORGE CALDWELL and T. P. HENRY are under them in the political graft. NOE appeared cooperative and he undoubtedly has some pertinent information relative to a general check-up of the State graft and additional affidavits of various irregularities. He indicated that he was not convinced that Washington would carry through any investigation started, due to the fact that previously some indictments had been returned against prominent people but were dismissed.

NOE advised, off the record, that he understood the half-wit brother of Dr. SMITH had caused a niece of this brother, who is about 13 years of age, to become pregnant and married her; that a Caesarian operation was finally necessary, which was paid for by Dr. SMITH.



The following investigation was made by Special Agent S. M. WOLF, on June 30, 1939:

CHESTER E. MARTIN, RFD #2, Baton Rouge, Louisiana (who may also be located through the Metropolitan Life Insurance Company, Baton Rouge, Louisiana, for whom he is sales representative) appeared at the New Orleans Office on June 30, 1939. Mr. MARTIN had been employed by the Louisiana Highway Commission from October 7, 1935 to May 18, 1938, during which time he was charged certain 5% deductions from his salary in the nature of a "kickback." This matter received certain publicity in May 1938 when Mr. MARTIN disclosed to the newspapers, as well as the United States Attorney's Office, New Orleans, this "kickback" situation and also the fact he had been actually dismissed from his employment when he refused to make certain of these payments, and that his employment was on projects, the expenses of which were partially defrayed with Federal funds. They were known as Federal Aid Projects.

The following written and signed statement was obtained from Mr. MARTIN:

New Orleans, La.  
June 30, 1939

"I, Chester E. Martin, make the following free and voluntary statement to S. M. Wolf, known to me as a Special Agent of the Federal Bureau of Investigation, U. S. Dept. of Justice, no threats or promises of any sort having been made to me to induce me to make this statement.

"About Oct. 1, 1935 I received a telegram from Hunter Allen, then engineering auditor in charge of the estimate department of the Louisiana Highway Commission.

"Allen sent me this telegram care of my home in Covington, La. which was forwarded me at Leesville, La. It requested me to come to work for Mr. Allen's dept. at \$125.00 per month on Oct. 15, 1935. A day or so later I received another telegram from Mr. Allen requesting me to come to work the following Monday. I went to work October 7, 1935 at Baton Rouge, La. in Mr. Allen's department as computer of earth work at a salary of \$125.00 per month.

"I received my first pay check for the time I worked from October 7 to 15, 1935, receiving this check on or about October 15, 1935. Immediately thereafter, Mr. A. C. Cooper, Jr. who worked in the same department as I, asked me if I had been to see 'Mr. Ten Per Cent,' which statement of Mr. Cooper was overheard by Mr. Clifford Allen, also then working with the Louisiana Highway Commission. Cooper explained to me that 'Mr. Ten Per Cent' was the man to whom we employees of the Commission paid five per cent of our salary. The title of 'Mr. Ten Per Cent' meant merely the sum we paid amounted to ten per cent of one-half month's salary.

"I wanted to make certain Cooper was not just 'joking' with a new man (as I was) about this matter of 'kick-back', so I talked to Mr. Charles Peters, Assistant to Hunter Allen, and he verified what Cooper had told me previously and I also learned from Cooper and Peters that Frank



Williams was the man to receive this money. Williams, I understood, was carried on the payrolls, as right-of-way man working out of the Right-of-Way Dept. of the Louisiana Highway Commission. It was understood by rumor Frank Williams was transferred to the Governor's Office about the latter part of 1935 or first of 1936.

"After talking with Peters I saw Frank Williams and told him I understood he was the man to whom I was supposed to pay 5 per cent of my salary - and when he found my name on his list, I paid him in cash 5 per cent of the check I received Oct. 15, 1935.

"Albert Stegner, who worked in the same office as I did, later was the man to whom I made these payments of 5 per cent - but I cannot recall if he received the second payment I made November 15, 1935 or thereabouts, which was 5 per cent of my salary from October to November 15, 1935. We understood Stegner, like other men in the various departments, had been appointed by Williams to receive our 5 per cent payments and that he turned them over to Williams. I made these payments to Stegner through January, 1936, making them regularly - and the last payment I made at that period was on or about January 15, 1936.

"I made no payments from January 15, 1936 to May 12, 1936. James A. Noe, Lieutenant Governor, who took office of Governor about January 15, 1936 when Governor O. K. Allen died was Governor of Louisiana until May 12, 1936 when Richard W. Leche became Governor of Louisiana. During that period January 15 to May 12, 1936, the word was passed around among the Commission employees we did not have to pay this 5 per cent of our salary.

"As I recall, Hunter Allen about May 15, 1936 told we employees we must resume payment of the 5 per cent of our salary check as of May 15, 1936. He told us, and as I recall, it was a formal announcement, we were to make the payments to Foster Couvillion, purchasing agent of the Louisiana Highway Commission.

"From May through November, 1936 I made regular monthly payments in cash to Couvillion of 5 per cent of my salary check which amounted to \$7.00 per month. I might state Hunter Allen explained to we employees at the time of announcement of resumption of these payments on May 15, 1936 that he understood the reason for it was a campaign deficit existed which could be cleared in 3 or 4 months by collection of this amount from the employees which he said amounted to about \$10,000.00 per month as he understood.

"I did not make the regular 5 per cent payment in December 1936 and it was understood the reason the sum was not collected that month was because it was the Christmas month and sort of in the nature of a favor being extended the employees. However, during December, 1936 & the early part of January, 1937 it was rumored around the Commission offices a large printing press was being purchased and certain newspapers for State-wide distribution were to be published.

"On or about January 1, 1937 I received 10 subscription blanks to a newspaper, The Daily Progress and was told to sell them at \$2.00 each by January 15, 1937. Like subscriptions were distributed to other employees, and I understood the employees earning under \$100.00 per month salary were given 5 subscriptions to sell while those earning over \$100.00 per month



received 10 subscriptions for sale.

"Mr. McGaw, Assistant Chief Draftsman, announced about January 15 or 18, 1937 we could pay \$10.00 for the subscriptions January 15, 1937 and pay the remaining \$10.00 the following pay-day. I immediately gave to Mrs. Sullivan, Secretary to Mr. J. A. Kincaid, Office engineer, Louisiana Highway Commission, my personal check for \$10.00 dated January 18, 1937 made payable to the Daily Progress. I asked her for a receipt and she said she felt it was not necessary as she felt the cancelled check was sufficient receipt.

"On January 22, 1937 Mr. McGaw made the announcement in the drafting room we had to pay the remaining \$10.00 for our subscriptions to the Daily Progress and we had to 4:30 P.M. to do it. I then immediately paid the remaining \$10.00 I owed for my 10 subscriptions that day to Miss Sullivan by personal check as I had done before. I don't know why we were not required to pay the regular 5 per cent in January 1937 but it was generally understood the reason was because we had paid \$20.00 for the subscriptions to the Daily Progress, and because it was also understood we had paid this sum from our own pockets rather than by actual sale of subscriptions.

"I made 5 per cent payments of my salary check from February 15, 1937 through October, 1937, making the monthly payments of \$7.00 each by personal check to Foster Couvillion.

"Relative to the June 15, 1937 5 per cent payment in the sum of \$7.00 I did not make any effort to pay that time as I wanted to satisfy myself as to whether or not there was maintained a system of checking up on those who did not pay on the regular date. On July 3, 1937 Hunter Allen told me at my desk Mr. Kincaid told him Mr. Couvillion had called Kincaid to have me see him (Couvillion). I immediately made out my personal check in the sum of \$7.00 and took it to Mr. Couvillion and laid the check on his desk and walked out. Mr. Couvillion did not say anything then or later indicating he wanted anything else with me.

"I was not required to make regular 5 per cent payments in November and December, 1937 and it was understood we would have additional subscriptions January 1938 to sell to the Daily Progress.

"About January or February 1938 I received a booklet of 10 subscription forms to the Daily Progress to be sold at \$2.00 each. There was no 5 per cent 'kick-back' to be made in January, 1938, as I recall, but these payments were to be resumed the following month. I am not certain if these 'kick-backs' were ignored in January or February, 1938, but during the particular month the subscription forms were issued the payments were ignored, and then resumed the following month. I did not sell these subscriptions and also did not make the regular 5 per cent payments from my salary from January, 1938.

"On two or 3 occasions during 2 or 3 months thereafter Violet May Roseman stenographer for Hunter Allen told me Mr. Couvillion wanted to see me and I always ignored this admonition. About April, 1938 Mr. Kincaid called me in his office and asked what I was going to do about making the 5 per cent payments - that there were a lot of 'big shot' politicians around there and he did not think I could get away with it. Hunter Allen also talked to me immediately after Kincaid had talked to me and Allen tried



to persuade me to resume making the 5 per cent payments.

"On May 16, 1938 I had placed on each of the desks of the legislators in the State Capitol at Baton Rouge, La. a letter outlining what had been going on and telling of the way State employees were having to 'kick-back' part of their salary and the next day sent a copy of this same letter to the Times-Picayune newspapers at New Orleans and the Morning Advocate & State Times Baton Rouge, La.

"On May 18, 1938 Mr. Kincaid called me in Hunter Allen's office and had me sign a voucher for \$15.00, which as I understood, was to pay me for work on May 16, 17 & 18, 1938. I got no satisfaction from Kincaid as to whether this meant I was being discharged or not. He referred me to Mr. L. P. Abernathy, Chairman of the Louisiana Highway Commission - that he, Kincaid, knew nothing at all about it. Abernathy was not in his office and I told Mr. Harry B. Hinderlite, State Highway Engineer, whose office adjoins Abernathy's exactly what had transpired and he said he felt I could conclude I was discharged.

"I may state that about November, 1935 or thereabouts my duties changed from earth worth computer to that of what I understood were those given over to engineer auditors but I don't know if my classification was changed on the payrolls to engineering auditor.

"During the time I worked from October 7, 1935 to May 18, 1938 I worked on 14 projects which are identified as Federal Aid projects. These were projects in the construction of which Federal funds were used to defray the expenses either in whole or in part.

"I have read the foregoing statement of slightly more than 10 pages in long hand and it is true."

/s/ C. E. Martin

WITNESS:

Jack B. Minor  
Sidney M. Wolf  
Special Agents  
Federal Bureau of Investigation  
U. S. Dept. of Justice  
1308 Masonic Temple Bldg.  
New Orleans, La.

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The above-quoted statement is being retained in the New Orleans file in this case, and it should be noted that the information relative to the original disclosures made by Mr. MARTIN above referred to, as they occurred in 1938, are contained in New Orleans Division File 86-17. Mr. MARTIN said CLIFFORD ALLEN referred to in his statement is no longer with the Louisiana Highway Commission and presently resides at Greensburg, La.; that ALBERT STEGNER, also referred to in his statement, is presently employed, so far as he knows, by the Rural Electrification Administration out of Jackson, Mississippi. MARTIN said that a Miss VARNADO, former payroll clerk, Louisiana Highway Commission, who was demoted shortly after MARTIN was discharged May 18, 1938 may be able to furnish interesting information as to how the funds of the Commission are handled. He said one HORACE LAWLER, who formerly worked in the drafting room of the Louisiana Highway Commission, and who he understands presently resides in Houston,



Texas, is a former employee of the Louisiana Highway Commission and is familiar with announcements that were made in the Commission offices to the employees relative to 'kick backs' as indicated in Mr. MARTIN'S statement. He said one PETE GREEN, whom he believes now to be in Houston, Texas, and who formerly had the same position as CHARLES PETERS, mentioned in MARTIN'S statement, may be able to furnish interesting information as to these kick backs. Mr. MARTIN said he is the only individual who has been actually discharged for failure to make the kick-back payments, and he believes it will be very difficult to obtain information from employees of the Louisiana Highway Commission, for the reason they will feel they are not only jeopardizing their livelihood, but perhaps their own personal safety in disclosing any information. MARTIN had a photostatic copy of a memorandum dated July 23, 1935 of HARRY B. HENDERLITE, addressed to the resident engineers on paving projects, which was to the effect that Tee-Juana Crack Filter (a substance used in making the expansion joints in laying concrete pavement, as explained by Mr. MARTIN) on Federal Aid Projects must be shown as non-participating. In other words, no Federal funds could be expended to purchased Tee-Juana Crack Filter. MARTIN said the Louisiana Materials Company, represented by JIM THOMAS, the Louisiana politician is the agent for this Tee-Juana Crack Filter, and it is his opinion the above-mentioned memorandum by HENDERLITE is purely a subterfuge by which the Tee-Juana Crack Filter is used on Federal Aid Projects and only ostensibly paid for with State funds. MARTIN had no basis for this notion other than the fact that he feels THOMAS, because of his political standing, has been able to sell this material for use on Federal Aid projects and it is probably paid for out of Federal funds. MARTIN also had copy of a letter from one S. C. SMITH, dated September 28, 1936, addressed to Mr. FOSTER COUVILLION, Louisiana Highway Commission, Baton Rouge, Louisiana, to the effect "enclosing contributions of my party for month of September 1936." It is understood that MARTIN obtained the carbon copy of this letter from the resident engineer file in the office of the Louisiana Highway Commission at Baton Rouge. MARTIN also told of an instance about the time of the Democratic National Convention in 1936 when tickets were being sold at \$1.00 each, ostensibly to send Democratic delegates from Louisiana to the Convention. MARTIN said one McBRIDE, then District Engineer for the WPA at Baton Rouge, told him of a threat to an individual whose identity he did not know, to cause him to lose his job if he did not pay his \$1.00. He said McBRIDE now works for the Gulf States Utilities at Baton Rouge. He also advised that at that time, HUNTER ALLEN, mentioned in his signed statement, had suggested to MARTIN that he pay his \$1.00, and further stated that after the Louisiana legislature adjourned, it being in session at that time, there were going to be individuals dropped from the payrolls, and he, ALLEN, did not think that MARTIN wanted to have his name taken from the payroll.

MARTIN informed that in all instances where alterations were made in the plans for collecting kick-backs, the same would be accomplished chiefly by rumor and supposition on the part of the employees, and it was always difficult to "put your finger" on any definite statement by a particular individual, or if a definite statement had been relayed to the



employees, the source of the particular statement. MARTIN exhibited photostatic copy of the last pay voucher he received from the Louisiana Highway Commission at the time of his discharge, and there is no indication on this instrument as to the source of the funds out of which the check was paid. MARTIN also has photostatic copies of various checks he tendered in payment of "kick-backs" during the latter months of his employment, as well as for subscriptions to the Daily Progress. He also has the originals of certain of these checks.

The following investigation was conducted by Special Agent R. L. SHIVERS:

United States Attorney RENE A. VIOSCA, New Orleans, telephonically contacted agent at the New Orleans Office on June 30, 1939, and stated that he had subpoenaed one JOHN CAMERON NELSON as a witness before the grand jury in the general WPA matter which that body is investigating, but that he was unable to reach NELSON and desired that he be interviewed by an agent of this office inasmuch as he had information which seemed to be pertinent to the grand jury inquiries. He stated that Mr. NELSON had been interviewed by Assistant United States Attorney J. SKELLY WRIGHT, and it appeared he has information concerning the use of Social Security funds.

JOHN CAMERON NELSON called at the New Orleans Bureau Office and was interviewed by Agent. He stated he has been employed as an interviewer by the State Employment Bureau of Louisiana for 16 months prior to May 5, 1939; that on the later date, he resigned his position to go to the Veterans' Hospital in Alexandria, Louisiana, where he remained until June 22, 1939. Mr. NELSON stated he has submitted an affidavit concerning his knowledge of certain matters into which the grand jury is inquiring; that the said affidavit was turned over to the Attorney General of the United States, Hon. FRANK MURPHY, who had in turn transmitted the affidavit to United States Attorney RENE A. VIOSCA at New Orleans.

Mr. NELSON advised that B. W. GASON is the Commissioner of Labor for the State of Louisiana and in such capacity has charge of the employment of the State Employment Bureau which is located at Baton Rouge, Louisiana. He said that there are twenty-three regional or district offices of the State Employment Bureau operating in the State of Louisiana, and that he was employed as an interviewer at the office in Bastrop, Louisiana until he resigned on May 5, 1939 as aforesaid.

Mr. NELSON stated that the employment compensation fund was administered by the Commissioner of Labor, B. W. GASON; that in the administration of this fund, checks are issued by the Treasurer of the State of Louisiana to claimants entitled thereto. Mr. NELSON advised that claimants entitled to unemployment compensation would file an application at the regional or district office, that if the claimant were found entitled to compensation, a pay order would be issued which would bear the name of the claimant and the name of the interviewer at



the regional office; that this pay order would be transmitted to the office of B. W. CASON at Baton Rouge, Louisiana, who would examine the same and if found to be correct would cause a check to be drawn to the order of the claimant, which would be transmitted to A. P. TUGWELL, Treasurer of the State of Louisiana, who would, accordingly, countersign same and mail it directly to the claimant. He said the State of Louisiana and the United States Government have been defrauded of considerable sums of money by the officials connected with the State Employment Bureau, who would cause duplicate pay orders to be issued to fictitious persons, that the officials in the State Employment Bureau at Baton Rouge would cause checks to be issued on these fictitious orders to fictitious individuals, and that after the checks had been returned from the bank, the cancelled checks and the duplicate pay orders would be destroyed.

In consummating this fraud, Mr. NELSON stated that the office of the State Employment Bureau at Baton Rouge, Louisiana, would communicate with one of the regional offices and advise that office that a certain pay order which bore a given number and a given Social Security number could not be located and requested that a duplicate pay order be prepared and transmitted to the Baton Rouge office, and that upon receipt of this request the regional office would prepare a duplicate pay order but that the said duplicate would not bear the claimant's name and would only show the name of the interviewer employed at the said regional office; that when this duplicate pay order reached the State Employment Bureau at Baton Rouge, Louisiana, that office would give it a different Social Security Number and make it payable to a fictitious person, that a check would then be drawn payable to this person which would be transmitted to the office of the Treasurer of the State of Louisiana, where it would be returned countersigned and returned to the State Employment Bureau. Mr. NELSON stated that some official in the State Employment Bureau would then cash this check which would be in the sum of \$18.00, and that when the check was returned to the State Employment Bureau by the bank after it had been paid, the said check and the fictitious duplicate pay order on which it was drawn would be destroyed. Mr. NELSON called attention to the fact that the checks drawn on original pay orders were mailed directly by the office of the Treasurer of the State of Louisiana, and pointed out that the checks drawn on the duplicate pay orders were returned to the office of the State Employment Bureau at Baton Rouge, by the State Treasurer, instead of being mailed out to the claimants as required by law.

It was Mr. NELSON'S opinion that it would be impossible to find a record of this practice at the headquarters office of the State Employment Bureau at Baton Rouge, Louisiana, inasmuch as the duplicate pay orders and the checks issued thereon would be destroyed after the checks were paid. He said the only way to uncover these irregularities would be to go to the regional offices throughout the State and collect all of the requests which the office in Baton Rouge had sent to these regional offices for duplicate pay orders, and that if these requests



could be obtained they could then be checked against the records of the office at Baton Rouge, and that that office would be unable to account for the duplicate orders. He said that a Social Security number would appear on all of the requests which the office at Baton Rouge had transmitted to the regional offices and that by checking the records in the office at Baton Rouge it would be found that a check was issued to the claimant with that Social Security number on the original pay order which was issued, which would of course show that there was no reason to request a duplicate pay order. It was stated by Mr. NELSON that an investigation of these facts would disclose that a considerable amount of money had been obtained by officials of the State Employment Bureau through these machinations.

Mr. NELSON further advised that if his information became public the regional offices would be directed to destroy all of these requests which the head office at Baton Rouge had made upon them for duplicate pay orders. It was stated by him that steps should be taken to contact the regional offices immediately for the purpose of obtaining the requests which they had received for duplicate pay orders, and that if these requests could not be obtained there would be no way to trace or verify any of the information which he has furnished.

No further investigation is being conducted until authorized by the Bureau.

PENDING



# FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **New Orleans, Louisiana**

FILE NO. **62-778**

**ALL**

REPORT MADE AT <b>NEW ORLEANS</b>	DATE WHEN MADE <b>7-4-35</b>	PERIOD FOR WHICH MADE <b>6-23 to 30-35</b>	REPORT MADE BY <b>G. V. BAKER</b>
TITLE <b>LOUISIANA STATE OFFICIALS</b>			CHARACTER OF CASE <b>INFORMATION CONCERNING</b>

**SYNOPSIS OF FACTS:**

Interviews with State Treasurer, officials State Highway Dept., and official U.S. Bureau Public Roads indicate that caution is exercised in connection with collecting 5% contributions from State salaries so that no contribution will be obtained from any person whose salary may be reimbursed in whole or in part by Federal Government, so far as State Highway Department is concerned, and that this practice has been uniform since 1935. Information received that 5% contributions obtained from employees of all but few State departments, and indications are this money accumulated by J. M. FUSH, Business Mgr., Board of Commissioners of Dock Board of State of La., at New Orleans. State Party reported to have no Treasurer who takes care of or makes accounting of party funds or of these contributions. JAMES A. NOE, State Senator of Louisiana, advised he had promised newspapermen everything he got on irregularities in La.; that 5% contribution is collected by heads of State departments from employees who are paid with mingled State and Federal funds, but claimed he would not supply complete detail of irregularities unless he could be assured Washington would carry through prosecution. CHESTER MARTIN, formerly employed La. State Highway Commission, alleged he paid 5% kickback contribution. JOHN CAMERON NELSON, former employee of State Employment Bureau, under subpoena to appear before grand jury inquiring into WPA irregularities, claims that officials of State Employment Bureau, including B. W. CASON, have embezzled Social Security funds paid out under unemployment compensation by causing duplicate pay orders to be issued which were subsequently destroyed after checks issued thereon had been cashed by employees.

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
<p>COPIES OF THIS REPORT</p> <p>5 Bureau</p> <p>5 New Orleans</p>		

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FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 30 1939

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62-32509-120X

INDEXED

FEDERAL BUREAU OF INVESTIGATION

JUL 18 1939

U. S. DEPARTMENT OF JUSTICE  
TAMM TOLSON

Mr. Tolson  
Mr. Clegg  
Mr. Coffey  
Mr. Egan  
Mr. Glavin  
Mr. Crowl  
Mr. Harbo  
Mr. Lester  
Mr. Lewis  
Mr. Nichols  
Mr. Rosen  
Mr. Sears  
Mr. Quinn Tamm  
Mr. Tracy  
Miss Gandy

DIRECTOR  
WASHINGTON

LOUISIANA STATE OFFICIALS, INFORMATION CONCERNING STATE SENATOR  
JAMES A. NOE HAS JUST BEEN INTERVIEWED HERE BY AGENTS THIS

HE UNDOUBTEDLY HAS GREAT DEAL OF PERTINENT INFORMATION AND FACTS  
VITALLY IMPORTANT TO A SUCCESSFUL GENERAL INVESTIGATION OF THE STATE  
SETUP AND IS STILL SECURING STATEMENTS, AFFIDAVITS AND INFORMATION  
INDICATING ADDITIONAL IRREGULARITIES OF ALL DESCRIPTIONS. WHILE  
HIS ATTITUDE WAS FRIENDLY HE FRANKLY STATED HE DID NOT KNOW HOW MUCH  
TO TELL OUR AGENTS SINCE HE WAS NOT CONVINCED THAT WASHINGTON  
WOULD CARRY THRU ANY INVESTIGATION STARTED DUE TO THE FACT THAT  
INDICTMENTS RETURNED SOME TIME AGO AGAINST PROMINENT PEOPLE HERE  
HAVE BEEN DISMISSED. HE FURNISHED GENERAL INFORMATION WHICH WOULD  
NOT BE OF MUCH VALUE IN OUR INVESTIGATION. HE KNEW NO SPECIFIC  
FACTS IN CONNECTION WITH THE FIVE PERCENT DEDUCTION FROM STATE  
EMPLOYEES PAY WHICH WOULD BE OF ASSISTANCE IN SUCH  
AN INVESTIGATION. HE DID FURNISH A LITTLE INFORMATION INDICATING  
USAVE WPA MATERIAL AND LABOR ON GOVERNOR LECHES PRIVATE RESIDENCE.  
NOE INDICATED THAT IF WASHINGTON WOULD ASSURE HIM THAT WE WOULD  
GO THRU WITH A THOROUGH INVESTIGATION OF THE FACTS, HE WOULD THEN  
GIVE US SPECIFIC AND DEFINITE INFORMATION. IT IS MY PERSONAL  
BELIEF THAT SUCH INFORMATION WOULD MOSTLY RELATE TO WPA  
LABOR AND MATERIAL IRREGULARITIES AND POSSIBLY GENERAL MISUSE OF  
GOVERNMENT FUNDS AND GENERAL GRAFT IN THE STATE GOVERNMENT

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FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 30 1939

TELETYPE

PAGE 2

HE WAS ASKED ~~TO~~ T O KEEP THE AGENTS VISIT CONFIDENTIAL AND THEREUPON HE REPLIED THAT HE HAD PROMISED MCCORMICH OF THE CHICAGO TRIBUNE AND DREW PEARSON OF THE WASHINGTON MERRY GO ROUND COLUMN THAT HE WOULD GIVE THEM ANY INFORMATION HE RECEIVED FOR PUBLICATION. IT WOULD NOT THEREFORE APPEAR SAFE TO INTERVIEW NOE WITH THE EXPECTATION THAT HE WOULD KEEP THE INTERVIEW IN CONFIDENCE. FOR THIS REASON I WILL NOT PERSONALLY TALK TO NOE NOR WILL I HAVE ANY AGENTS AGAIN CONTACT HIM UNLESS YOU INSTRUCT TO CONTRARY. NOE DID NOT SEND ANY WRITTEN STATEMENTS OR ~~ANY~~ DOCUMENTS TO US. HE STATED THAT HE TURNED ALL STATEMENTS AND AFFIDAVITS OVER TO THE ATTORNEY GENERALS OFFICE AT THE TIME HE WAS IN

WASHINGTON SEVERAL WEEKS AGO AND HE UNDERSTOOD YOU HAVE COPIES OF THEM. HE OF COURSE HAS RECEIVED ADDITIONAL PERTINENT INFORMATION ~~SINCE~~ SINCE HE RETURNED FROM WASHINGTON WHICH HE HAS NOT APPARENTLY SENT TO WASHINGTON. NOE INDICATED THAT HE HAD INFORMATION THAT JAMES MONROE SMITH WAS IMPLICATED IN IRREGULARITIES AT LSU BUT THAT HE HAD THIS INFORMATION LEFT OUT OF AFFIDAVITS PRESUMABLY SUBMITTED BY WPA WORKERS ~~BECAUSE~~ BECAUSE OF HIS NOES PERSONAL FRIENDSHIP FOR DOCTOR SMITH. FOR THE BUREAU'S INFORMATION, AS I HAVE PREVIOUSLY INFORMED, I SECURED CONFIDENTIAL INFORMATION INDICATING THAT NOE CAUSED THE AFFIDAVITS ALLEGING WPA IRREGULARITIES ~~WHICH~~ WHICH ~~FORMED~~ FORMED THE BASIS FOR THE WASHINGTON

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CONFIDENTIAL (SAR)

TELETYPE

FBI NEW ORLEANS JUNE 30, 1939 2-30 PM SH

DIRECTOR

WASHINGTON

LOUISIANA STATES OFFICIALS, INFORMATION CONCERNING STATE SENATOR JAMES A. NOE HAS JUST BEEN INTERVIEWED HERE BY AGENTS THIS OFFICE. HE UNDOUBTEDLY HAS GREAT DEAL OF PERTINENT INFORMATION AND FACTS VITALLY ESSENTIAL TO A SUCCESSFUL GENERAL INVESTIGATION OF THE STATE SETUP AND IS STILL SECURING STATEMENTS, AFFIDAVITS AND INFORMATION INDICATING ADDITIONAL IRREGULARITIES OF ALL DESCRIPTIONS. WHILE HIS ATTITUDE WAS FRIENDLY HE FRANKLY STATED HE DID NOT KNOW HOW MUCH TO TELL OUR AGENTS SINCE HE WAS NOT CONVINCED THAT WASHINGTON WOULD CARRY AROUND ANY INVESTIGATION STARTED DUE TO THE FACT THAT INDICTMENTS RETURNED SOME TIME AGO AGAINST PROMINENT PEOPLE HERE HAVE BEEN DISMISSED. HE FURNISHED GENERAL INFORMATION WHICH WOULD NOT BE OF MUCH VALUE IN OUR INVESTIGATION. HE KNEW NO SPECIFIC FACTS IN CONNECTION WITH THE FIVE PERCENT DEDUCTION FROM STATE EMPLOYEES PAY WHICH WOULD BE OF ASSISTANCE IN SUCH AN INVESTIGATION. HE DID FURNISH A LITTLE INFORMATION INDICATING US AVE NPA MATERIAL AND LABOR ON GOVERNOR LECHE'S PRIVATE RESIDENCE. NOE INDICATED THAT IF WASHINGTON WOULD ASSURE HIM THAT WE WOULD GO THROUGH WITH A THOROUGH INVESTIGATION OF THE FACTS, HE WOULD THEN GIVE US SPECIFIC AND DEFINITE INFORMATION. IT IS MY PERSONAL BELIEF THAT SUCH INFORMATION

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C O P Y (encl)

WOULD MOSTLY RELATE TO WPA LABOR AND MATERIAL IRREGULARITIES AND POSSIBLY GENERAL MISUSE OF GOVERNMENT FUNDS AND GENERAL GRAFT IN THE STATE GOVERNMENT. HE WAS ASKED TO KEEP THE AGENTS VISIT CONFIDENTIAL AND THEREUPON HE REPLIED THAT HE HAD PROMISED MCCORMACK OF THE CHICAGO TRIBUNE AND DREW PEARSON OF THE WASHINGTON MERRY GO ROUND COLUMN THAT HE WOULD GIVE THEM ANY INFORMATION HE RECEIVED FOR PUBLICATION. IT WOULD NOT THEREFORE APPEAR SAFE TO INTERVIEW NOE WITH THE EXPECTATION THAT HE WOULD KEEP THE INTERVIEW IN CONFIDENCE. FOR THIS REASON I WILL NOT PERSONALLY TALK TO NOE NOR WILL I HAVE ANY AGENTS AGAIN CONTACT HIM UNLESS YOU INSTRUCT TO CONTRARY. NOE DID NOT SUBMIT ANY WRITTEN STATEMENTS OR DOCUMENTS TO US. HE STATED THAT HE TURNED ALL STATEMENTS AND AFFIDAVITS OVER TO HIS ATTORNEY GENERAL'S OFFICE AT THE TIME HE WAS IN WASHINGTON SEVERAL WEEKS AGO AND HE UNDERSTOOD YOU HAVE COPIES OF THEM. HE OF COURSE HAS RECEIVED ADDITIONAL PERTINENT INFORMATION SINCE HE RETURNED FROM WASHINGTON WHICH HE HAS NOT APPARENTLY SENT TO WASHINGTON. NOE INDICATED THAT HE HAD INFORMATION THAT JAMES MONROE SMITH WAS IMPLICATED IN IRREGULARITIES AT LSU BUT THAT HE HAD THIS INFORMATION LEFT OUT OF AFFIDAVITS PRESUMABLY SUBMITTED BY WPA WORKERS BECAUSE OF HIS NOES PERSONAL FRIENDSHIP FOR DOCTOR SMITH. FOR THE BUREAU'S INFORMATION, AS I HAVE PREVIOUSLY INFORMED, I SECURED CONFIDENTIAL INFORMATION INDICATING THAT NOE CAUSED THE AFFIDAVITS ALLEGING WPA IRREGULARITIES WHICH FORMED THE BASIS FOR THE WASHINGTON MERRY GO ROUND COLUMN TO BE WRITTEN AND THE INTERVIEW WITH NOE WOULD TEND TO CONFIRM THIS INFORMATION.

SACKETT

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**Federal Bureau of Investigation**  
**United States Department of Justice**  
**NEW ORLEANS, LOUISIANA**  
**June 27, 1939**

Honorable J. Edgar Hoover  
Federal Bureau of Investigation  
Washington, D. C.

PERSONAL and CONFIDENTIAL

AIR MAIL - SPECIAL DELIVERY

Dear Mr. Hoover:

RE: LOUISIANA POLITICAL SITUATION

Mr. Tolson \_\_\_\_\_  
Mr. Nathan \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Coffey \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Crowl \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Lester \_\_\_\_\_  
Mr. Lawler \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Quinn Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

I today sent the Bureau two teletypes giving today's developments in the Louisiana political situation, and this is for the purpose of confirming these teletypes and giving more details of the information contained therein.

This morning I telephonically contacted General GUERRE of the Louisiana State Police under appropriate pretext, and engaged in a general conversation with him concerning the matter. In this way it was determined that the State Police had absolutely no leads concerning the present whereabouts of Dr. JAMES MONROE SMITH other than the information I had previously reported that he was seen near St. Francisville, Louisiana Sunday night. It was also determined that Dr. SMITH's wife's nephew, EMERY ADAMS, who is an executive of a grocery chain store organization in Baton Rouge, in which chain store Dr. SMITH also has a large financial interest, drove SMITH away from Baton Rouge Sunday. It appears that last night ADAMS surrendered to the State Police at Baton Rouge when he heard his presence was being sought for questioning. However, he definitely declined to make any statements or furnish any information concerning where he drove SMITH and was subsequently released on a \$5,000 bond, being held as a material witness. A warrant was issued last night by the District Court of East Baton Rouge Parish, based upon affidavit sworn to by a Deputy State Supervisor of Public Funds, charging SMITH with having embezzled \$100,000. General GUERRE expected to issue a circular containing SMITH'S photograph and description sometime today, which he expected to send all over the United States. He had not located any fingerprints of SMITH, however, at the time I talked to him. GUERRE did not ask for any assistance in connection with the distribution of such circular by our Bureau nor, of course, did I mention any such a possibility. In my teletype I suggested that the Bureau search its civilian fingerprint files on the remote possibility that Dr. SMITH may have had his fingerprints taken for civil identification purposes and sent to Washington sometime ago. I have not heard from the Bureau in this regard up to the dictation of this communication. I did not mention to GUERRE the fact that the fingerprint files of the Bureau would be searched.

I had lunch today with Colonel THOMPSON, the publisher, and CLARK SALMON, the managing editor, of the New Orleans Item-Tribune newspapers, both of whom you met while you were in New Orleans. During my

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U. S. DEPARTMENT OF JUSTICE

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6-27-39

general conversations with these gentlemen, I secured confidential information from CLARK SALMON to the effect that Dr. SMITH had obtained a \$100,000 loan from the Hibernia National Bank in New Orleans on June 15th and previously thereto had obtained a \$300,000 loan from the National Bank of Commerce at New Orleans, and another \$100,000 loan from the City National Bank at Baton Rouge; that SMITH had put up as collateral Louisiana State University bonds which apparently had not been authorized by the State Board, and that these bonds were presently in possession of the banks. SALMON knew of these facts but would not publish them until they were announced by the state investigative officers. Later in the day, the State Attorney General ELLISON issued a statement which confirmed this information in detail, and giving date of the \$300,000 loan from the National Bank of Commerce in New Orleans as May 2, 1939 and the date of the loan negotiated by SMITH from the City National Bank of Baton Rouge as June 9, 1939; the date of June 15th for the \$100,000 loan from the Hibernia National Bank of New Orleans was also confirmed. It appears that according to the Attorney General's public statement, Dr. SMITH issued notes payable to these banks in the sum of the loan, in the name of Louisiana State University without the approval and consent of the State Bond and Tax Board, which made such loan, of course, illegal. It was also apparent that SMITH deposited as collateral for these loans bonds of the Louisiana State University. However, the details concerning the exact series of these bonds have not been made public, and apparently are not available at this time. Attorney General ELLISON ventured the opinion that the Louisiana State University nor the State of Louisiana were not liable for the loans negotiated by SMITH since such loans were unauthorized and did not constitute a legal obligation of either the State or the University. It was his contention that the banks would have to suffer the loss. It will be seen that the total of these loans is \$500,000. It is believed that the proceeds of the \$100,000 loan negotiated through the Hibernia National Bank on June 15, 1939 by SMITH was used by him to purchase a cashier's check with which he closed out his brokerage accounts with Fenner & Beane, a New Orleans brokerage concern.

It appears that SMITH was an extremely large speculator in the wheat market since at one time he was committed for two million bushels of wheat, which is all the Federal government regulations allow one man to have, and at the same time his intermediary broker, J. M. BROWN, had one and one-half million barrels of wheat, presumably for SMITH.

I learned from CLARK SALMON, confidentially, and this fact has not as yet been published by the press, that on a number of occasions Fenner & Beane, pursuant to SMITH'S orders, made checks payable

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07  
6-27-39

to various high officials of the State administration, which sums represent proceeds of SMITH'S brokerage account. This much was admitted apparently by Fenner of that firm to SALMON; however, FENNER would not disclose the names of these State officials. FENNER was of the personal opinion, however, that SMITH had checks drawn in the names of various persons in order that he could carry through his representations that he was dealing for a group of individuals, and not individually. This assumption, however, is very thin and is not believed to be accurate.

This afternoon Sheriff NEWMAN H. DeBRETTON of East Baton Rouge Parish offered a personal reward of \$250 for information leading to SMITH'S arrest, such reward, however, not to be payable to peace officers. Later this afternoon, it was announced that a special session of the East Baton Rouge Parish Grand Jury will convene at Baton Rouge at 10:00 o'clock tomorrow morning to hear testimony regarding SMITH'S irregularities.

In my teletype and communication last night, I informed you that DR. E. S. RICHARDSON had been named President of Louisiana State University. Today, RICHARDSON declined to accept the position, stating he preferred to remain President of the Louisiana Polytechnic Institute at a salary of \$6,000 per annum rather than accept the \$12,000 salary as Acting President of Louisiana State University. Governor LONG immediately named PAUL M. HEBERT, who has been Dean of the Louisiana State Law School since 1936, as Acting President. HEBERT is only 31 years of age at the present time, and first began to teach after his graduation from the Yale University Law School in 1929. He was appointed Dean of the Loyola Law School in New Orleans in 1932 and Dean of the Louisiana State University Law School in 1936.

Special Agent C. E. WEEKS in a casual conversation with Assistant United States Attorney HERBERT W. CHRISTENBERRY at New Orleans ascertained that the Federal Grand Jury had voluntarily and on its own initiative requested an opportunity to investigate the allegations of irregularities in the W.P.A. Administration at Baton Rouge, and that also the Division of Investigation investigators had informed the United States Attorney's Office that the individuals who had made written affidavits alleging irregularities declined to make any statements, claiming they wanted to make such statements at a public hearing. It was also determined that among the allegations are some indicating that certain buildings had been fabricated in the Coliseum of the Louisiana State University by WPA workers by WPA funds and had then been taken to the private residence of ex-Governor LECHE at Covington, Louisiana and set up as houses for the Governor's use. The WPA investigation is also said to involve the Superintendent of Construction at Louisiana State University in these irregularities. It was also indicated that the Division of Investigation men had not submitted a written report to the United States Attorney's Office as yet; however, they apparently have conferred with the United States Attorney's Office on the matter. It

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6-27-39

was determined that subpoenas have been issued today for various WPA employees requiring them to appear before the grand jury this Friday, June 30th, to testify relative to the alleged irregularities. It is the expectation of the United States Attorney's Office that extensive testimony and evidence will be presented to the Federal Grand Jury over a period of probably several weeks.

Today's press here carried a story from Washington indicating that Secretary ICKES was instructing the P.W.A. to check into the funds expended by that organization in Louisiana. However, to date there has been no evidence of any activity of P.W.A. investigators.

I learned this afternoon that staff members of the New York Times and the New York Herald-Tribune newspapers are today in New Orleans collaborating with the staff of the New Orleans Item-Tribune, and that these men will stay here for at least several days going into the situation thoroughly and sending dispatches to their papers for publication. I also learned that there was a staff representative of the Chicago Herald-Tribune presently in New Orleans collaborating with the staff of the New Orleans States and Times-Picayune newspapers. These two last-mentioned newspapers are anti-State administration and have, as you know, been interested in exposing conditions in the state as much as possible. The Item-Tribune has been more or less pro-administration. For these reasons, I am of the belief that the articles which will appear in the Chicago Tribune will probably be more vicious and anti-State administration than those which will appear in the New York newspapers mentioned.

The New York Times representative who just arrived in New Orleans today, told CLARK SALMON that the rumor in the East is very persistent to the effect that you are coming to New Orleans personally to look into the entire Louisiana situation. A short time later my friend, F. EDWARD HEBERT, City Editor of the New Orleans States, called me and informed that there is a story being told by an individual who is a friend of EARL LONG, whose name HEBERT did not know, that he saw a telegram addressed to EARL LONG by you last night in LONG'S possession at Baton Rouge, advising that you are coming to Louisiana to institute an investigation. I thought you might be interested in these rumors.

The press today carried a story that the Congressional Subcommittee of which Representative CLIFFORD W. WOODRUM of Virginia is Chairman, was expected to make investigation of the W.P.A. administration in Louisiana, and were only delaying starting this investigation until funds were received upon which to conduct same. There is also some indication late this afternoon that the Internal Revenue agents were

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6-27-39

seeking SMITH's apprehension since the press reported that such agents were checking the passport records locally for any information concerning SMITH.

Governor EARL LONG today adopted a more or less crusading spirit and attitude. He publicly proclaimed that a thorough investigation not only into all of the affairs of the University but into other state departments where irregularities may be expected, would be pushed to the fullest extent, even though it might involve some very close friends of his. He definitely adopted a "let the chips fall where they may" attitude.

The general belief here is that LONG is utterly unpredictable and no one dares to venture even a guess as to what he may plan to do. There appears to be a general belief here now that Dr. JAMES MONROE SMITH is probably hiding out not far from Baton Rouge in order to bargain for leniency on the possibility of making at least partial restitution; or that he may wait until the hue and cry die down and then come in and surrender, much like SAMUEL INSULL did.

There have been no resignations of any State officers today, to my knowledge, nor has LONG issued any statements regarding any contemplated requests for resignations. Neither has LONG issued any statements on the specific policies of his administration. I believe, however, that at the first meeting of the Legislature LONG will advocate the repeal of the law which is now in effect making it necessary for the Superintendent of the Louisiana State Police to approve Deputies Sheriff before they can be appointed. Also, as a possible indication of LONG'S future policies as Governor, it will be recalled that at the Louisiana Peace Officers' Convention he told the assemblage that when he was in the Governor's chair he would carry out the policies and principles laid down by his brother, HUEY LONG.

Ex-Governor and Mrs. RICHARD LECHE left Baton Rouge immediately after EARL LONG took oath of office, as Governor, last night motoring to their home in Covington, Louisiana, where they still are today so far as is known. It will be recalled that Governor LECHE apparently was extremely ill and bedridden last Wednesday night when he announced his intention to resign. The newspaper photographs of the resignation of LECHE and the inauguration of LONG last night show LECHE in a very amiable and happy frame of mind, and just about in the



Hon. J. Edgar Hoover - Page 6

6-27-39

same condition as he was when General MURPHY and yourself were here a few weeks ago. The newspapers commented rather sarcastically today upon the fact that the Governor seemed to have recovered his health rather miraculously after the announced resignation.

I have sent you complete newspaper clippings from today's press, air mail special delivery. I will keep you advised of further developments as they occur.

Very truly yours,



B. E. SACKETT  
Special Agent in Charge

BES:ALS



JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation**  
**United States Department of Justice**  
**Washington, D. C.**

JFS:COH

June 29, 1939

Time: 4:45 p.m.

MEMORANDUM FOR MR. TAMM

RE: POLITICAL SITUATION IN LOUISIANA  
DR. JAMES MONROE SMITH

Mr. Tolson	✓
Mr. Nathan	✓
Mr. E. A. Tamm	✓
Mr. Clegg	✓
Mr. Coffey	✓
Mr. Egan	✓
Mr. Glavin	✓
Mr. Crowl	✓
Mr. Harbo	✓
Mr. Lester	✓
Mr. Lawler	✓
Mr. Nichols	✓
Mr. Rosen	✓
Mr. Sears	✓
Mr. Quinn Tamm	✓
Mr. Tracy	✓
Miss Gandy	✓

*me*  
*Detroit*  
SAC Bugas called from Detroit to advise he had just learned that Smith and his wife bought a Ford car from an agency in Dearborn, Michigan, on Tuesday, June 27, for which they paid about \$800.00 in cash. The lady gave the name of T. M. Smith at the time of the purchase.

A license plate was obtained for the car and a check by the Detroit Police Department and other authorities in Detroit has reflected that the car went into Windsor, Canada, from Detroit between 4:00 p.m. and midnight, probably shortly after 4:00 p.m., on Tuesday, June 27.

The license number is 45792, 1939 Michigan plates. Mr. Bugas did not have the motor number but he is to obtain that information.

Dr. Smith and his wife purchased visitors permit No. P-29543.

In answer to my inquiry, Mr. Bugas stated that Doctor and Mrs. Smith have been definitely identified from the descriptions that appeared in a teletype.

According to Bugas, the Detroit Police and the Michigan State Police have been vigorously investigating this case since Monday. I instructed him to keep his investigation very discreet and that if there is anything the Bureau wants he would be advised.

Respectfully,

*J. F. BEARS*  
J. F. BEARS

RECORDED  
INDEXED

67-32577-152

JUL 8 1939

U. S. DEPT. OF JUSTICE

*I am having  
condition mounted  
furnished with this  
date.*  
*E. J. T.*

19-29-112-6



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(gmr)

FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D. C.

AR:COH  
June 29, 1939  
Time 2:55 p.m.

MEMORANDUM FOR MR. TAMM

RE: POLITICAL SITUATION IN  
LOUISIANA

DR. JAMES MONROE SMITH

SAC Sackett called from New Orleans and stated the United States Attorney would like for the Bureau to get transcripts of the records for 1937, 1938 and 1939 of a lumber concern believed to be the Independence Lumber Company of Covington, Louisiana.

The U.S. Attorney has talked to Paul Hanson, who is in charge of the WPA Investigators in New Orleans, and questioned him about what information he might have concerning irregularities and particularly about any evidence against ex-Governor Leche. It appears that Hanson interviewed Leche concerning WPA labor and materials alleged to have been used on his private home in Covington, Leche having built a \$75,000.00 home and made certain grounds into a park. Leche claims he paid George Caldwell, Superintendent of Construction at Louisiana State University, for the labor on his home and that he used his own money in paying for the material. The lumber is supposed to have been purchased from the Independence Lumber Company of Covington, Louisiana, and Leche states he paid this company for the lumber.

Paul Hanson has not gone to the Independence Lumber Company to verify Leche's statement and the U.S. Attorney is not satisfied with Hanson's investigation. The U.S. Attorney would like for the FBI to obtain transcripts of records from this company pertaining to purchases, payments, et cetera but does not wish Hanson to know we are taking such action. After this information is obtained, Mr. Sackett stated that the U.S. Attorney probably will desire further investigation conducted in this respect by the FBI.

The WPA investigators are not sure about the name of the lumber company, that is, The Independence Lumber Company; however, they are to endeavor to definitely establish the name of this company.

Mr. Hanson has six men working on the investigation and has told the U.S. Attorney he will be able to furnish a picture of the situation in about three or four days. It is the opinion of the U.S. Attorney that

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&  
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62-3567-1230  
FEDERAL BUREAU OF INVESTIGATION  
JUL 11 1939  
U. S. DEPARTMENT OF JUSTICE



**Federal Bureau of Investigation**  
**United States Department of Justice**  
New Orleans, La.  
June 22, 1939.

**PERSONAL AND  
CONFIDENTIAL**

Mr. Tolson	✓
Mr. Nathan	✓
Mr. Clegg	✓
Mr. Coffey	✓
Mr. Egan	✓
Mr. Glavin	✓
Mr. Crowl	✓
Mr. Harbo	✓
Mr. Lester	✓
Mr. Lawler	✓
Mr. Nichols	✓
Mr. Rosen	✓
Mr. Sears	✓
Mr. Quinn Tamm	✓
Mr. Tracy	✓
Miss Gandy	✓

Hon. J. Edgar Hoover,  
Federal Bureau of Investigation,  
U. S. Department of Justice,  
Washington, D. C.

Dear Mr. Hoover:

I believe you will be interested in the following information in connection with the recent visit of General Murphy and yourself to New Orleans.

Yesterday afternoon, some hours before Governor Leche indicated to the press his intentions to resign the Governorship, an agent of this office was in conversation with a confidential informant of ours, who is connected with a very large bookmaking establishment in New Orleans. During this conversation this individual stated that the gamblers, bookmakers and others in the underworld in New Orleans, believed, as a matter of fact, that when General Murphy was in New Orleans he flatly told Leche that the latter would never be appointed Federal Judge, and that he, General Murphy, would give him the same treatment that Pendergast received in Kansas City recently.

Another confidential contact of this office at the New Orleans Police Department has informed us that your visit here occasioned a great number of rumors and "scares" among officials of the Police Department, and throughout the city there were various rumors as to the purpose of your visit, some of them indicating you were making a tour of places you intended to raid, particularly as to houses of prostitution, and it was stated as a result of your visit thirty six prostitutes were thrown in jail and kept there for a week during the time you were here.

RECORDED & INDEXED

This informant further indicated it was his belief that there would be an investigation in this State that would make the Pendergast investigation look like a "two-bit swindle", and that this investigation would be within a year.

I thought you would be interested in this reaction to your visit here recently.

Very truly yours,

*B. E. Sackett*  
B. E. Sackett,  
Special Agent in Charge.

BES:WH



JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.**

EAT:COH

June 30, 1939

Time: 11:45 a.m.

MEMORANDUM FOR THE FILE

RE: POLITICAL SITUATION IN  
LOUISIANA

Mr. Tolson	✓
Mr. Nathan	✓
Mr. E. A. Tamm	✓
Mr. Clegg	✓
Mr. Coffey	✓
Mr. Egan	✓
Mr. Glavin	✓
Mr. Crowl	✓
Mr. Harbo	✓
Mr. Lester	✓
Mr. Lawler	✓
Mr. Nichols	✓
Mr. Rosen	✓
Mr. Sears	✓
Mr. Quinn Tamm	✓
Mr. Tracy	✓
Miss Gandy	✓

SAC Sackett called from New Orleans and advised that the inquiry at the bank relative to the three loans totaling \$500,000.00 obtained by Dr. James Monroe Smith has been completed. In answer to his inquiry as to whether this information should be furnished U. S. Attorney Viosca, I told Mr. Sackett this would be referred to the Director for his instruction.

In connection with the request made by U. S. Attorney Viosca that we make an investigation at the Independence Lumber Company, Covington, Louisiana, I informed Mr. Sackett the Director had given permission to make this investigation, as well as to question J. M. Brown, a broker in New Orleans. Mr. Sackett also is to check Brown's bank account at the Louisiana Savings Bank.

RECORDED & INDEXED 62-32509-127

Mr. Sackett stated he would like for the Director to be advised of his reaction to the present status of the investigation being made in Louisiana. It appears to Mr. Sackett that U. S. Attorney Viosca does not know exactly what he wants under the blanket authority from the Attorney General and does not believe the investigation will be handled in the manner it would be handled by the Bureau.

The WPA angle, according to Sackett, at the present time presents the best possibilities on which to probably prosecute the majority of the officials, such as Leche, Ellison, Jackson of the State University, Caldwell and a number of others. Mr. Sackett stated there is no question but that these individuals used WPA funds and material in building private estates. To thoroughly investigate this angle, Mr. Sackett contemplates it will require the services of from twenty-five to thirty Agents. Mr. Sackett does not think a general income tax setup would be very productive as these individuals have been very careful, profiting by the mistakes of Capone and others.

Mr. Sackett also does not think the five per cent kickback

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MEMO FOR THE FILE

6-30-39

on the part of the State employees will materialize in so far as a Federal angle is concerned since there will not be any proof that the employees have been intimidated or threatened if they did not pay the five percent and inasmuch as there is a distinct question as to the comingling of Federal funds with the State funds being a violation.

Mr. Sackett is of the opinion that if the Bureau continues to check on minor angles for U. S. Attorney Viosca without knowing the background and the WPA investigation ultimately is unsatisfactory, which Sackett states undoubtedly will be the outcome, the FBI will be requested to take over the case.

I advised Mr. Sackett that the Director would be informed of the information furnished. I also advised Mr. Sackett that whenever he calls the Bureau in my absence that he should talk to Inspector Sears.



E. A. TAMM



JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation**  
**United States Department of Justice**  
**Washington, D. C.**

AR:COH

June 28, 1939

Time: 2:00 p.m.

*Geo. J. F.*

MEMORANDUM FOR MR. TAMM

*Cal*

RE: POLITICAL SITUATION IN  
LOUISIANA

*7-156?*

SAC Sackett called from New Orleans to advise that United States Attorney Viosca had just requested that we ascertain the details of the following loans obtained by Dr. James Monroe Smith, having in mind a possible violation of the National Bank Act:

<u>Date</u>	<u>FROM</u>	<u>RECORDED</u> & <u>INDEXED</u>	<u>Amount</u>
May 2, 1939	National Bank of Commerce, New Orleans		\$300,000.00
June 9, 1939	City National Bank of Baton Rouge		100,000.00
June 15, 1939	Hibernia National Bank New Orleans		100,000.00

*62-32509-12*

Mr. Sackett stated he would take no action without specific instructions from the Bureau.

Sackett requested that the Civil files of the Identification Division of the Bureau be searched for prints of Smith and his wife.

With reference to Sackett's previous suggestion with respect to a check at the Department of State, Mr. Newby in the Washington Field Office was requested to obtain the passport information immediately.

Respectfully,

*AR*  
A. ROSEN

*Advised  
and returned  
this*

*See memo  
no lead  
of*

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JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation**  
**United States Department of Justice**  
**Washington, D. C.**

EAT:GVC

July 1, 1939

Time: 1:45 p.m.

MEMORANDUM FOR THE DIRECTOR

RE: POLITICAL SITUATION IN  
LOUISIANA  
DR. JAMES MONROE SMITH

I called SAC Bugas and inquired if he had been contacted by the Agent who was going up in Ontario to Wigwassan Lodge.

Mr. Bugas stated that the Agent had called him about 12:30 p.m. and had informed him that he was taking a boat over to the lodge and would be out of communication for a few hours and then he would come back to the mainland and call Mr. Bugas.

I instructed Mr. Bugas to furnish no information by teletype to New Orleans or any other office but to notify the Bureau in Washington by telephone. I also told Mr. Bugas to keep the Agent up in Canada for a day or two and to have the Agent understand that he was to make no arrests but to notify Mr. Bugas in the event he came upon any important information, and for Mr. Bugas to notify me.

Respectfully,

E. A. TAMM  
RECORDED

62-32509-126  
FEDERAL BUREAU OF INVESTIGATION  
JUL 6 1939  
U. S. DEPARTMENT OF JUSTICE  
FILES TWO

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FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

To: COMMUNICATIONS SECTION.

EAT:DM JUNE 28, 1939

Transmit the following message to:

SAC-NEW YORK

RECORDED &amp; INDEXED

FEDERAL BUREAU OF INVESTIGATION

JUN 29 1939

U. S. DEPARTMENT OF JUSTICE

PLEASE FURNISH THE FOLLOWING INFORMATION TO MISTER HOOVER AT ONCE  
IN CONNECTION WITH THE LOUISIANA SITUATION MISTER SACKETT ADVISED  
THAT USA VIOSCA CALLED UPON MR. SACKETT THIS MORNING ADVISING THAT  
THE ATTORNEY GENERAL HAD INSTRUCTED HIM TO ASK MR. SACKETT FOR ANY  
ASSISTANCE DESIRED IN CONNECTION WITH THIS SITUATION. VIOSCA  
STATED THAT THE ATTORNEY GENERAL HAD AUTHORIZED HIM TO CONTACT ALL  
FEDERAL AGENCIES AND TO SECURE ANY INFORMATION INDICATING ANY  
KIND OF A FEDERAL VIOLATION AND TO ASK FOR ANY ASSISTANCE HE NEEDED.  
VIOSCA IS NOT CONFIDENT OF THE ACCURACY OR THOROUGHNESS OF THE  
EPA INVESTIGATION THAT HAS BEEN MADE INTO THE IRREGULARITIES AT  
LOUISIANA STATE UNIVERSITY AND HAS BEEN UNABLE TO OBTAIN INFORMATION  
FROM THE EPA INVESTIGATORS OF AN ACCURATE NATURE ALTHOUGH THE EPA  
MAN IN CHARGE OF THIS INVESTIGATION IS RETURNING TO LOUISIANA FROM  
WASHINGTON TOMORROW. MISTER VIOSCA REQUESTS THAT THE BUREAU  
IMMEDIATELY INSTITUTE A GENERAL AND BROAD INQUIRY OVER THE STATE  
OF LOUISIANA TO ASCERTAIN ANY EVIDENCE OF IRREGULARITIES, CONTACTING  
SUCH PERSONS AS A. P. TUGWELL PRESENTLY STATE TREASURER WHO  
HAS RECENTLY DENOUNCED THE ADMINISTRATION INDICATING HE HAS  
AGAINST IT, ALICE LEE TROJEAN FORMER SECRETARY TO HULY LONG, FORMER  
LIEUTENANT GOVERNOR NOR ANY OTHERS. IN ACCORD WITH YOUR INSTRUCTIONS  
THE INVESTIGATION HAS BEEN AUTHORIZED. VIOSCA IS REQUESTING THE  
INTERNAL REVENUE BUREAU TO FURNISH ALL INCOME TAX DATA ACCUMULATED  
ON DOCTOR SMITH AND VIOSCA WILL REVIEW THE MATERIAL TO DETtermine  
SENT VIA COPIES DESTROYED

170 SEP 17 1964

Per

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RECEIVED-DIRECTOR  
JUN 28 3 23 PM '39  
U. S. DEPT. OF JUSTICE



FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

CC-150

6-28-39

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To: COMMUNICATIONS SECTION.

SAC-NEW YORK (2)

Transmit the following message to:

WHETHER A TAI COMPLAINT SHOULD BE FILED AGAINST SMITH. IN THE  
EVENT HE FILES SUCH A COMPLAINT HE WILL ASK THE FBI TO LOOK FOR  
SMITH. MR. VIOSCA IS ALSO DESIROUS THAT THE BUREAU INVESTIGATE  
THE KICKBACK RACKET IN LOUISIANA WHICH WAS THE SUBJECT OF SOME  
INQUIRY ABOUT A YEAR AGO TO DETERMINE WHETHER THE PAYMENT OF  
FIVE PERCENT OF THE SALARIES OF ALL EMPLOYEES INTO A STATE FUND  
USED FOR POLITICAL PURPOSES MAY BE A VIOLATION OF ANY FEDERAL  
STATUTE IN VIEW OF THE POSSIBILITY OF SOME FEDERAL FUNDS BEING  
UTILIZED TO PAY STATE EMPLOYEES. THIS KICKBACK INVESTIGATION IN  
ACCORD WITH YOUR AUTHORIZATION HAS BEEN INITIATED. SACKETT HAS  
BEEN APPROPRIATELY CAUTIONED AGAINST DISCLOSING THE NATURE OR  
IDENTITY OF OUR INVESTIGATION. SACKETT ADVISES THAT J. EMERY  
ADAMS NEPHEW OF MRS. SMITH WHO IS REPORTED TO HAVE DRIVEN THE  
SMITHS TO MEMPHIS IS IN THE PROTECTIVE CUSTODY OF ATTORNEY GENERAL  
ELLISON OF LOUISIANA WHO WILL NOT EVEN PERMIT GENERAL GERE OF  
THE STATE POLICE TO TALK TO HIM. ALL OF THE SMITH FAMILY  
IN BATON ROUGE HAVE DECLINED TO TALK TO THE STATE POLICE WHO HAVE  
FAILED TO DEVELOP ANY INFORMATION WITH RESPECT TO SMITH'S BACKGROUND.  
J. EMERY ADAMS IS REPORTED TO BE APPEARING BEFORE A GRAND JURY IN  
BATON ROUGE AND SACKETT IS UNWILLING TO CONTACT HIM FOR INTERVIEW.  
I AM HAVING BUREAU INVESTIGATION SECTION CHECKED HIS RECORDS AND NAVY  
RECORDS FOR POSSIBLE FINGERPRINTS. UNDER THE CITATION OF ABOVE

SENT VIA

TIME

400 p M

Per

A

47



FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

To: COMMUNICATIONS SECTION.

Transmit the following message to:

MAC-New York

(3)

VIOSCA HAS ASKED MR. SACKETT TO ASCERTAIN THE DETAILS OF  
LOANS OBTAINED BY DR. SMITH FROM THE NATIONAL BANK OF COMMERCE,  
CITY NATIONAL BANK OF BATON ROUGE AND HIBERNIA NATIONAL BANK

EDWARD TAMM

FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE  
WASHINGTON, D. C. 20535

SENT VIA \_\_\_\_\_

4<sup>00</sup> P MPer A

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JOHN EDGAR HOOVER  
DIRECTOR

Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

EAT:COH

June 28, 1939

Time: 5:25 p.m.

MEMORANDUM FOR THE FILE

RE: POLITICAL SITUATION IN LOUISIANA  
DR. JAMES MONROE SMITH

I called SAC Sackett at New Orleans and informed him the Director had stated it would be satisfactory to investigate the loans obtained by Dr. James Monroe Smith totaling \$500,000.00, set out in a previous memorandum of a telephone call from Mr. Sackett.

In answer to Mr. Sackett's inquiry as to whether a check had been made at the Passport Division of the Department of State, he was informed that both Dr. Smith and his wife have passports issued May 8, 1937, which can be renewed merely by request at any Passport Agency, and that the State Department has been requested to place stops against the passports every place. Mr. Sackett stated that Mrs. Smith return from a trip to Europe about three or four weeks ago. He is therefore having some of the Counsels checked to determine whether any visas were taken.

RECORDED

Mr. Sackett stated that A. P. Tugwell, State Treasurer, has been interviewed. He could furnish nothing but general information already in the Bureau's possession.

Attempts to interview J. Emery Adams, the nephew of Mrs. Smith, thus far have been unsuccessful.

JAMM

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FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 27 1939

RECORDED & INDEXED  
TELETYPE

FEDERAL BUREAU OF INVESTIGATION

JUN 30 1939

U. S. DEPARTMENT OF JUSTICE

FBI NEW ORLEANS 6-27-39 9-45

DIRECTOR

RE LOUISIANA POLITICAL SITUATION. I HAVE JUST DETERMINED FROM GENERAL GUERRE, SUPERINTENDENT OF STATE POLICE, THAT HE HAS NO LEADS AS TO PRESENT WHEREABOUTS OF DR JAMES MONROE SMITH. SMITH'S WIFE'S NEPHEW, EMORY ADAMS, WHO GUERRE SAYS DROVE SMITH AWAY FROM BATON ROUGE, SURRENDERED TO STATE POLICE LAST NIGHT AT BATON ROUGE, IS BEING HELD AS MATERIAL WITNESS MAKING FIVE THOUSAND DOLLAR BOND. GUERRE SAYS ADAMS REFUSES TO TALK OR IN ANY WAY DISCLOSE WHERE HE TOOK SMITH UPON ADVICE OF HIS COUNSEL, A WARRANT WAS ISSUED LAST NIGHT BY THE DISTRICT COURT, EAST BATON ROUGE PARISH, CHARGING JAMES MONROE SMITH WITH HAVING EMBEZZLED ONE HUNDRED THOUSAND DOLLARS. FROM LATEST INFORMATION AT HAND IT APPEARS THAT DURING PAST WEEK OR TEN DAYS SMITH SECURED AN ILLEGAL LOAN FOR THE UNIVERSITY FROM THE BANK THE SUM OF ONE HUNDRED THOUSAND DOLLARS. DEPOSITING THIS SUM TO HIS BANK ACCOUNT AND WITHDRAWING SAME BY CASHIER'S CHECK IN ORDER TO PAY BROKERAGE ACCOUNT AND WITHDRAW FRAUDULENT LSU BONDS PLACED THERE AS COLLATERAL. THIS CONSTITUTES THE BASIS FOR THE EMBEZZLEMENT WARRANT. STATE AUDITORS PRESENTLY CHECKING FURTHER INTO ACCOUNTS LSU TO ASCERTAIN WHETHER OTHER IRREGULARITIES COMMITTED BY SMITH. GUERRE EXPECTS TO ISSUE A BULLETIN GIVING PHOTOGRAPH AND DESCRIPTION OF SMITH SOME TIME TODAY WHICH HE WILL SEND ALL OVER UNITED STATES. HE HAS NOT LOCATED ANY FINGERPRINTS OF SMITH. SUGGEST BUREAU EXAMINE CIVILIAN FINGERPRINT FILES FOR POSSIBILITY OF FINGERPRINT RECORD OF SMITH. NONE OF THE PRESS ACCOUNTS INDICATE OUR BUREAU IS IN ANY WAY INTERESTED IN THIS SITUATION.

Mr. Tolson  
Mr. Nathan  
Mr. E. A. Tamm  
Mr. Clegg  
Mr. Coffey  
Mr. Egan  
Mr. Glavin  
Mr. Crowl  
Mr. Harbo  
Mr. Lester  
Mr. Lawler  
Mr. Nichols  
Mr. Rosen  
Mr. Sears  
Mr. Quinn Tamm  
Mr. Tracy  
Miss Gandy

RECORDED  
INDEXED  
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Handwritten note: *James Monroe Smith*



JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation**  
**United States Department of Justice**  
**Washington, D. C.**

EAT:GVC

June 28, 1939

Time: 2:45 p.m.

*Geon*

MEMORANDUM FOR THE FILE

RE: LOUISIANA POLITICAL SITUATION  
DOCTOR JAMES MONROE SMITH

I called SAC Sackett in New Orleans and informed him that the International News Service here has the story that Doctor Smith has been located by the FBI and that they are about to begin questioning him. Mr. Sackett said he had not heard anything of this. I told him also that we have checked in the fingerprint bureau on Smith and there is nothing there on him.

According to Mr. Sackett, some additional information on Mr. and Mrs. Smith is as follows:

MRS. SMITH

Mrs. Smith's maiden name was Thelma Ford. She is 42 years of age, is 5 feet 4 inches in height, weighs 135 pounds, and has dark grayish hair.

DOCTOR JAMES MONROE SMITH

Doctor James Monroe Smith was born in Jackson Parish, Louisiana, October 9, 1888. His height is 6 feet, weight 190 pounds, and has a ruddy complexion. His hair is black on sides and back, slightly gray, bald on top. He is a neat dresser and carries his right shoulder lower than his left.

SAC Sackett informed me that the Smith family was very uncooperative.

*E. A. TAMM*  
E. A. TAMM

62 32509-1

FEDERAL BUREAU OF INVESTIGATION
JUL 6 1939
U. S. DEPARTMENT OF JUSTICE
FILES TWO

RECORDED COPY FILED IN 5-162-41



JPS:MBC  
7 p.m.

June  
July 29, 1939

MEMORANDUM FOR THE FILE

Re: Political Situation in Louisiana  
Dr. James Monroe Smith.

I telephonically contacted SAC Bugas at Detroit and suggested to him that he advise the Canadian Mounted Police of the information that Dr. Smith and his wife had entered the Dominion of Canada, and also the information concerning the automobile they have in their possession.

SAC Bugas advised that Captain Diamond of the Michigan State Police, as well as the Detroit Police Department, had requested the Canadian authorities to close the ports of exit in an effort to apprehend the Smiths. He suggested that he could contact Commissioner Ward of the Canadian Mounted Police in a discreet manner in order that the Bureau would be advised of any developments in the location of Smith. I instructed him to contact Commissioner Ward.

J. F. Sears

Mr. Tolson.....  
Mr. Nathan.....  
Mr. E. A. Tamm.....  
Mr. Clegg.....  
Mr. Coffey.....  
Mr. Egan.....  
Mr. Glavin.....  
Mr. Crowl.....  
Mr. Harbo.....  
Mr. Lester.....  
Mr. Lawler.....  
Mr. Nichols.....  
Mr. Rosen.....  
Mr. Tracy.....  
Mr. Egan.....  
Mr. Glavin.....  
Mr. Harbo.....  
Mr. Lester.....  
Mr. Lawler.....  
Mr. Nichols.....  
Mr. Rosen.....  
Mr. Tracy.....

RECORDED  
&  
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62-32509-122  
FEDERAL BUREAU OF INVESTIGATION  
JUL 6 1939  
U. S. DEPARTMENT OF JUSTICE  
FILES  
TAMM  
TWO

ORIGINAL FILED IN



JOHN EDGAR HOOVER  
DIRECTOR

Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

EAT:COH

June 28, 1939

Time: 12:05 p.m.

MEMORANDUM FOR THE DIRECTOR

RE: POLITICAL SITUATION IN  
LOUISIANA

RECORDED & INDEXED

62-32509-12

SAC Sackett called from New Orleans in conformity with your telephonic instructions to him last night to the effect that Dr. James Monroe Smith, ex-President of Louisiana State University, be looked for and that in the event United States Attorney Rene A. Viosca should ask Mr. Sackett for any kind of assistance, Sackett should immediately contact you through the Bureau.

Mr. Viosca came to the New Orleans Office at 10:00 a.m. this morning. Viosca had received a telephone call from Attorney General Murphy last night in which Viosca was instructed to go into the entire setup in Louisiana, to contact all Federal Agencies and secure any information indicating any kind of a Federal violation, to look into all evidence of any kind respecting graft, corruption, et cetera, in the State Government, and to ask for any assistance he needed.

According to Mr. Sackett, Viosca is not exactly clear on what is desired by the Attorney General and Sackett thinks he will have to be led along. Viosca is not confident of the accuracy or thoroughness of the WPA investigation that has been made into the alleged irregularities at Louisiana State University as charged in the Washington Merry-go-Round. He has not to date been able to get any information from the WPA Investigators; however, the Agent in Charge of the WPA Office in New Orleans is returning from Washington tomorrow at which time Viosca will confer with him. The United States Attorney will not decide on whether he will ask the FBI to investigate these irregularities until he has had a chance to get the details of the WPA investigation.

In accordance with the directions of the Attorney General, Mr. Viosca has requested that the FBI immediately institute a general and broad inquiry over the State of Louisiana to determine any evidence of irregularities. It is Viosca's idea that we should talk to such persons as A. P. Tugwell, presently State Treasurer and who in the past few days bitterly denounced the administration and indicated he had

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MEMO FOR THE DIRECTOR

6-28-39

considerable information against the administration. Also Alice Lee Trojean, who was Huey Long's secretary and who occupied a state office until about five months ago at which time she was ousted by Leche; and Jimmy Nau, as well as others.

With respect to Dr. James Monroe Smith, Attorney General Murphy is stated to have told Viosca that he would have the Internal Revenue Bureau which had been working on an income tax case against Smith for some time send all the information to Viosca for his consideration and possibly the filing of an income tax complaint against Smith. In the event the U. S. Attorney issues such a complaint, he will ask the FBI to look for Smith, otherwise he has no intention at the present time of issuing a subpoena for Smith which would be a basis upon which the Bureau would look for Smith.

U. S. Attorney Viosca, according to Mr. Sackett, is very interested in the kick back racket in Louisiana. Mr. Sackett stated that Bureau file 86-1045 concerning C. B. Martin gives information concerning this racket, the investigation having been made by the Bureau in October, 1938. This relates to the practice of the State employees paying five percent of their salaries into a state fund to be used for political purposes. Viosca maintains that the Federal Government made outright grants to the State of Louisiana which money was intermingled with the State funds so that when the state employees made the five percent contributions they were violating a Federal law. According to the file the Department considered this matter and ruled it was not a violation of a Federal Law. It is Viosca's desire to reopen this case.

Mr. Sackett stated he would take no action concerning Viosca's request without advice from the Bureau. However, he is proceeding with the other angles that you requested him to look into.

12:25 p.m.

I called Mr. Sackett and informed him you had instructed that he go ahead on Viosca requests respecting the interviews outlined above and on the kick back case. I further informed him you had requested that the matter be handled with some discretion; that is, to avoid making any comment or doing anything that would indicate we are conducting an investigation. Sackett also was advised that you do not wish him

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MEMO FOR THE DIRECTOR

6-28-39

to make any move on any other requests of Vlosca without your specific authorization. Sackett also was advised not to give progress reports to the U. S. Attorney; that you desire everything obtained transmitted to you first and that then from time to time Sackett will be authorized specifically to furnish the U. S. Attorney information.

I requested Mr. Sackett to send a teletype to the Bureau at least once a day and more frequently if it appears desirable summarising the nature of the information obtained.

At this time Mr. Sackett furnished the following further developments:

Attorney General Ellison has J. Emery Adams, the nephew of Mrs. Smith who drove the Smiths to Memphis, under his wing and will not even permit General Gere of the State Police to talk to him. All the Smith family in Baton Rouge, including the daughter and twenty-one year old son, have declined to talk to the State Police and the State Police has developed absolutely nothing with respect to Smith's background.

Mr. Sackett suggested that a check be made at the Department of State in Washington to see whether a passport has been issued Smith. The information that Smith took a train for Chicago has been partially verified by the Memphis Office.

It was further suggested that the War and Navy Departments be contacted for possible fingerprints. Sackett stated that Smith is approximately fifty-one years of age.

J. Emery Adams is presently before a Grand Jury in Baton Rouge after which Mr. Sackett will endeavor to have him brought to the New Orleans Office for interview.

With respect to newspaper publicity, I instructed Mr. Sackett that when inquiries are received he is neither to confirm nor deny that the Bureau is making any investigation into this matter.

Respectfully,

E. A. TAMM

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JOHN EDGAR HOOVER  
DIRECTOR

Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

JFS:DF

June 29, 1939

MEMORANDUM

Re: <sup>O</sup>POLITICAL SITUATION IN <sup>O</sup>LOUISIANA

At 12:25 P. M., I telephonically communicated with SAC Sackett and requested him to ascertain all information as to the activities of Dr. Smith, particularly to develop if Dr. Smith has ever taken vacations in the Canadian woods or in the North woods. Mr. Sackett advised he was preparing a teletype on later developments in this case, and which information is set forth in his teletype of this date.

Mr. Sackett likewise advised that Miss Alice Lee Grossjean, former secretary to Huey Long, is now married to W. A. Tharpe, who is presently visiting E. L. Cord, automobile and aeroplane magnate, 811 Hillcrest Drive, Beverly Hills, California. I advised Mr. Sackett I would request the Los Angeles Office to conduct the necessary investigation.

At 3:25 P. M., SAC Hood was requested to conduct the necessary investigation with Mrs. Tharpe concerning her knowledge of the activities of the present administration of the State of Louisiana. Mr. Hood was likewise advised that the Bureau was making a discreet inquiry to locate Dr. Smith and the investigation should be handled accordingly.

J. F. Sears

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62-32589-100

FEDERAL BUREAU OF INVESTIGATION	
JUN 30 1939	
U. S. DEPARTMENT OF JUSTICE	
TAMM	NICHOLS
TWO	20

RECORDED COPY FILED IN 5-162-24



AR:CON

Time: 2:35 P.M.

June 29, 1939

MEMORANDUM FOR MR. TANN

RECORDED & INDEXED  
RE: POLITICAL SITUATION IN  
LOUISIANA  
DR. JAMES MONROE SMITH

FEDERAL BUREAU OF INVESTIGATION

JUL 19 1939

SAC Sackett called from New Orleans and stated the United States Attorney would like for the Bureau to get transcripts of the records for 1937, 1938 and 1939 of a lumber company believed to be the Independence Lumber Company of Covington, Louisiana.

The U. S. Attorney has talked to Paul Hanson, who is in charge of the RFA Investigators in New Orleans, and question him about what information he might have concerning irregularities and particularly about any evidence against ex-Governor Leche. It appears that Hanson interviewed Leche concerning RFA labor and materials alleged to have been used on his private home in Covington, Leche having built a \$75,000.00 home and made certain grounds into a park. Leche claims he paid George Caldwell, Superintendent of Construction at Louisiana State University, for the labor on his home and that he used his own money in paying for the material. The lumber is supposed to have been purchased from the Independence Lumber Company of Covington, Louisiana, and Leche states he paid this company for the lumber.

Paul Hanson has not gone to the Independence Lumber Company to verify Leche's statement and the U. S. Attorney is not satisfied with Hanson's investigation. The U. S. Attorney would like for the FBI to obtain transcripts of records from this company pertaining to purchases, payments, et cetera but does not wish Hanson to know we are taking such action. After this information is obtained, Mr. Sackett stated that the U. S. Attorney probably will desire further investigation conducted in this respect by the FBI.

The RFA Investigators are not sure about the name of the lumber company, that is, The Independence Lumber Company; however, they are to endeavor to definitely establish the name of this company.

Mr. Hanson has six men working on the investigation and has

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MEMO FOR MR. TAME

6-23-42

told the U. S. Attorney he will be able to furnish a picture of the situation in about three or four days. It is the opinion of the U. S. Attorney that information will be developed upon which approximately ten cases against officials in connection with WPA labor and materials may be made.

Mr. Sackett requested that the Director be informed of the request for the FBI to obtain the records at the Lumber Company.

Mr. Sackett referred to his teletype to the Bureau today concerning an account that was closed out by three checks totaling \$42,000.00. Fanner and Beane gave these three checks and they were placed through the bank account of and made payable to J. M. Brown, a broker, in the Louisiana Savings Bank. These checks have been obtained and Mr. Sackett was the first to view them. They were placed through Brown's account so there is no indication of Smith's endorsement on the checks.

Mr. Sackett stated there is no doubt but that Smith received part of the money and that since he was so closely associated with Brown, it is logical to assume Brown has knowledge of Smith's whereabouts. Mr. Sackett inquired as to whether the Director would want him to question Brown. Should Brown be questioned, Mr. Sackett stated he probably would be accompanied by his attorney who is a law partner of Earl Long, Glen Schert. Mr. Sackett also would like to be informed as to whether the Director would desire a transcript of Brown's bank account at the Louisiana Savings Bank.

I asked Mr. Sackett if he had obtained any information regarding Smith's habits and was informed efforts were being made to do so but that very little information had been secured.

A newspaper contact notified Mr. Sackett that the Detroit Police is supposed to have positively identified Smith's wife as having purchased an automobile from a dealer in Detroit Tuesday afternoon. Mrs. Smith used the name of J. H. Smith and introduced the man with her, who was identified from pictures as Smith, as J. L. Southern. They are supposed to have loaded six or seven pieces of baggage in the car and left the dealer's place after paying for the car in cash. Mr. Sackett has the Detroit Office checking this at the present time.

Respectfully,

A. R. LEE

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FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 27 1939

TELETYPE

Mr. Tolson  
Mr. Nathan  
Mr. E. A. Tamm  
Mr. Clegg  
Mr. Coffey  
Mr. Egan  
Mr. Glavin  
Mr. Ladd  
Mr. Nichols  
Mr. Rosen  
Mr. Tracy  
Miss Gandy

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FBI NEW ORLEANS 6-26-39 11-15 PM WH  
DIRECTOR

RE POLITICAL SITUATION. THE STATE POLITICAL DEMOCRATIC ORGANIZATION HAS CONTROLLED STATE POLITICAL OFFICES WITH THE EXCEPTION OF PERIOD WHEN LONG WAS FIGHTING NEW ORLEANS CITY ADMINISTRATION. PARTY CANDIDATES ARE CHOSEN AT CAUCUS OF PARTY. NEXT CAUCUS TO BE HELD LATE OCTOBER OR NOVEMBER NEXT TO CHOOSE CANDIDATE FOR STATE OFFICES INCLUDING GOVERNOR. LECHE HAS BEEN GOVERNOR SINCE MAY TWELFTH NINETEEN THIRTY SIX.

RECORDED & INDEXED

VARIOUS POLITICIANS FOR PAST YEAR HAVE TALKED ABOUT CANDIDACY. INVESTIGATION HOWEVER, THE FOLLOWING THREE ARE MOST PROMINENT CANDIDATES FOR 1939 GOVERNOR. LIEUTENANT GOVERNOR EARL K. LONG, BROTHER OF HUEY, ALLEGEDLY HAS INSIDE TRACK, HAS HINTED, AND RECENTLY OPENLY STATED HE HAD BEEN PROMISED THE GOVERNORSHIP BY THE PARTY LEADERS FOUR YEARS AGO AND THAT MAYOR MAESTRI WOULD SUPPORT HIM.

JAMES ALBERT NOE STATE SENATOR FROM MONROE, CLOSE FRIEND OF HUEY WHO BROKE WITH LECHE ADMINISTRATION, LATTER PART OF NINETEEN THIRTY SIX IS LONGS PRINCIPAL OPPONENT FOR GOVERNORSHIP. NOE VERY BITTERLY ANTI ADMINISTRATION. BACKGROUND REGARDING NOE TELEPHONICALLY FURNISHED BUREAU NINETEEN INSTANT.

62-32509-119

JUN 28 1939

U. S. DEPT. OF JUSTICE

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PAGE TWO

WAGE O' MARTIN PRESENTLY CHAIRMAN STATE PUBLIC SERVICE COMMISSION IS THE THIRD PROMINENT CANDIDATE BUT HAS NOT BEEN MAKING A VERY VIGOROUS CAMPAIGN AND IS NOT CONSIDERED TO HAVE MUCH OF A CHANCE FOR ELECTION.

ON THE TWENTY SECOND INSTANT A P TUGWELL PRESENTLY STATE TREASURER

~~ANNOUNCED INTENTION~~

~~XXX~~

ANNOUNCED CANDIDACY, SAME BEING DAY FOLLOWING GOVERNOR LECHE'S ANNOUNCED INTENTION TO RESIGN. DURING THE PAST FEW DAYS HE HAS BEEN VIOLENTLY ANTI ADMINISTRATION AND ANTI EARL K LONG. ALSO RUMORED THAT ATTORNEY GENERAL DAVID M<sup>Y</sup>ELLISON WAS BEING GROOMED BY LECHE FOR GOVERNORSHIP NEXT YEAR HOWEVER THIS NOT SUBSTANTIATED.

MAYOR ROBERT S<sup>Y</sup> MAESTRI OF NEW ORLEANS CONCEDED TO BE THE DOMINANT<sup>N</sup> POLITICAL FIGURE. VOTING STRENGTH OF NEW ORLEANS IS SUCH THAT SUBSTANTIAL MAJORITY IN CITY WOULD OVERCOME MAJORITY REST OF STATE.

MAESTRI IS ACCEPTED POLITICAL LEADER IN NEW ORLEANS HENCE ALL CANDIDATES CURRY HIS FAVOR AND SUPPORT.

THE NEWSPAPER CAMPAIGNS OF THESE CANDIDATES PROGRESSED NORMALLY UNTIL NINTH INSTANT WHEN NEW ORLEANS STATES AN ANTI ADMINISTRATION PAPER PUBLISHED PHOTOGRAPHS SHOWING A TRUCK, PROPERTY OF LOUISIANA STATE UNIVERSITY, DELIVERING BUILDING MATERIALS TO PRIVATE RESIDENCE ON PROPERTY OF AN INTIMATE FRIEND OF GOVERNOR LECHE. THE STATES AND

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PAGE THREE

ITS MORNING PAPER THE NEW ORLEANS TIMES PICAYUNE CONDUCTED VIGOROUS CAMPAIGN EXPOSING THESE CONDITIONS EVER SINCE THEN. ON THE NINTH INSTANT ATTORNEYGENERAL ELLISON ORDERED PUBLIC HEARINGS REGARDING THESE ALLEGED IRREGULARITIES TO BE HELD FIFTEENTH INSTANT ON JUNE THIRTEENTH HOWEVER LECHE ANNOUNCED THAT PUBLIC HEARING WAS INDEFINITELY POSTPONED, STATING A BROADER INVESTIGATION WAS UNDERWAY. RECORDS OF LOUISIANA STATE UNIVERSITY MILL WORK WERE NOT MADE AVAILABLE TO NEWSPAPER REPORTERS OR OUTSIDERS.

ON JUNE FOURTEENTH, FIFTEENTH, SIXTEENTH AND SEVENTEENTH DR JAMES MONROE SMITH, PRESIDENT LOUISIANA STATE UNIVERSITY, COULD NOT BE FOUND BY REPORTERS FOR QUESTIONING.

THE JUNE SEVENTEENTH ISSUE OF THE <sup>R</sup>SHREVEPORT LOUISIANA JOURNAL QUOTED WASHINGTON MERRY GO ROUND COLUMN WHICH INCLUDED AN ARTICLE ENTITLED " WPA CORRUPTION IN LOUISIANA " QUOTING ONE FULL AFFIDAVIT SIGNED BY SIX MEN ALLEGING VARIOUS IRREGULARITYES. THIS ENTIRE ARTICLE READ INTO CONGRESSIONAL RECORD IN US SENATE A FEW DAYS LATER AND BUREAU FURNISHED WITH COMPLETE CLIPPINGS THIS REGARD. DIVISION OF INVESTIGATIONS WPA AT NEW ORLEANS HAS BEEN CONDUCTING INVESTIGATION OF WPA MATTERS AT BATON ROUGE SNCE THAT TIME. I RECEIVED CONFIDENTIAL INFORMATION SIXTEEN AFFIDAVITS ALLEGING WPA

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PAGE FOUR

IRREGULARITIES WERE SENT TO CHICAGO TRIBUNE NEWSPAPER AND APPARENTLY THEREAFTER CAME INTO POSSESSION OF PEARSON AND ALLEN WHICH WAS BASIS FOR THE ARTICLE APPEARING IN THEIR WASHINGTON MERRY GO ROUND. USA RENE A VIOLSCA NEW ORLEANS TODAY ANNOUNCED HE WOULD HAVE FEDERAL GRAND JURY NEW ORLEANS COMMENCING ~~THIRTIETH~~ THIRTIETH INSTANT INVESTIGATE THESE CHARGES OF WPA GRAT<sup>F</sup> AND CORRUPTION, WAS SUBPOENAEING INVESTIGATORS AND OTHER WITNESSES TO TESTIFY.

ON JUNE NINETEENTH DR JAMES MONROE<sup>U.S.</sup> SMITH STATED SALE TO PRIVATE INDIVIDUALS OF ~~WORK~~<sup>U.S.</sup> DONE AT UNIVERSITY WAS AGAINST UNIVERSITY POLICY. PREVIOUSLY GOVERNOR LECHE HAD STATED THERE WAS NOTHING UNUSUAL ABOUT SELLING WORK TO PRIVATE INDIVIDUALS.

ON EVENING JUNE TWENTY FIRST GOVERNOR RICHARD LECHE ANNOUNCED HIS INTENTION TO RESIGN AS GOVERNOR TODAY GIVING AS REASONS ILL HEALTH, CLAIMING DOCTORS TOLD HIM HE WOULD HAVE TO RESIGN AT ONCE IF HE EXPECTED TO RECOVER. APPARENTLY ELLISON, EARL LONG, MAYOR ~~MAESTRI~~ MAESTRI AND SEYMOUR WEISS WERE IN CONFERENCE WITH LECHE IMMEDIATELY PRECEDING ANNOUNCEMENT.

FOLLOWING DAY MAYOR MAESTRI TACITLY EXPRESSED HIS SUPPORT OF EARL LONG AS GOVERNOR, SEYMOUR WEISS<sup>N</sup> ALSO PROCLAIMING HIS FRIENDSHIP AND SUPPORT OF LONG.

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PAGE FIVE

ON MORNING JUNE TWENTY SECOND LECHE APPARENTLY FELT A GREAT DEAL BETTER PHYSICALLY SINCE HE WAS VERY GAY AND WAS NOT CONFINED TO BED ENTIRELY. THIS FACT COMMENTED UPON RATHER SARCASTIALLY BY NEWSPAPERS. LECHE ALSO STATED LATER ONE OF HIS PRINCIPAL REASONS FOR RESIGNING WAS HIS DESIRE TO TRAVEL INTENDING TO VISIT WEST COAST AND HONOLULU.

SEVERAL BELIEFS ARE PREVALENT CONCERNING REASON FOR LECHE'S RESIGNATION. ONE IS THAT LECHE HOPED TO SECURE POSITION OF US M JUDGE ABOUT THIS TIME AND RESIGN SO THAT LONG COULD TAKE OFFICE AS GOVERNOR AND WIN THE CONFIDENCE AND SUPPORT OF PEOPLE FOR PARTY NOMINATION THIS FALL AND THAT HAVING GIVEN UP HOPE OF OBTAINING JUDGESHIP LECHE HAD TO RESIGN AT THIS TIME ANYWAY IN ORDER FOR LONG TO TAKE OFFICE IN ACCORDANCE WITH PLANS. THE OTHER BELIEF IS THAT LECHE RESIGNED SO THAT LONG COULD BE PUT IN OFFICE NOW IN ORDER THAT HE COULD MAKE A FOOL OF HIMSELF BETWEEN NOW AND PRIMARY ELECTION SO THAT PARTY LEADERS WOULD BE JUSTIFIED IN BREAKING THEIR PROMISE BY WITHDRAWING THEIR SUPPORT OF LONG. INDICATIONS ARE THAT PARTY LEADERS ~~ARE~~ FEAR LONG, DO NOT WANT HIM IN ~~GOVERNOR'S~~ OFFICE, AS LONG ALLEGEDLY VINDICTIVE AND VICIOUS AND CAN NOT BE CONTROLLED.

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PAGE SIX

LECHE AFTER CONFERENCE WITH MAESTRI, LONG AND OTHERS ANNOUNCED INTENTION TO RESIGN AT ELEVEN AM/TODAY, LONG TO BE SWORN AS GOVERNOR IMMEDIATELY THEREAFTER. AT TEN TWENTY FIVE PM LAST NIGHT LECHE/HANDED NEWSPAPER MEN WRITTEN STATEMENT INDICATING DR JAMES MONROE SMITH PRESIDENT LOUISIANA STATE UNIVERSITY APPARENTLY GUILTY MISAPPROPRIATION OF UNIVERSITY FUNDS AMOUNTING TO " SEVERAL HUNDRED THOUSAND DOLLARS" AND SMITH HAD DISAPPEARED FROM BATON ROUGE. IN VIEW OF THESE DEVELOPMENTS LECHE ANNOUNCED HE WOULD NOT RESIGN TODAYAS ~~WAS~~ SCHEDULED.

HAVE ALREADY ADVISED YOU CONCERNING SITUATION/INVOLVING JAMES MONROE SMITH. AT FOUR TEN THIS AFTERNOON A STATEMENT WAS ISSUED BY LONG THAT LECHE WOULD NOT RESIGN " FOR SEVERAL DAYS YET" HOWEVER AT SIX THIRTY TONIGHT LECHE ANNOUNCED HIS RESIGNATION AND WITHIN THE HOUR LONG WAS SWORN IN AS GGVERNOR AT BATON ROUGE. I ADVISED YOU OF THESE DEVELOPMENTS AT THE TIME OF OCCURRENCE. IT IS GENERALLY BELIEVED THAT LECHE GAVE SMITH SEVERAL HOURS HEAD START TO LEAVE BATON ROUGE BEFORE MAKING KNOWLEDGE OF RESIGNATION AND IRREGULARITIES PUBLIC. APPARENTLY SMITH HANDED RESIGNATION TO LECHE PERSONALLY AT FOUR PM Y/STERDAY HOWEVER NO SEARCH APPARENTLY STARTED FOR SMITH UNTIL EIGHT PM.

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PAGE SVEN

BOARD OF ADMINISTRATORS LOUISIANA STATE UNIVERSITY THIS AFTERNOON ELECTED E S RICHARDSON AS PRESIDENT OF LSU, LECHE PARTICIPATING AS EXOFFICIO MEMBER. LECHE RESIGNED IMMEDIATELY AFTER THE CONCLUSION OF BOARD MEETING.

GENERAL OPINION APPARENTLY IN <sup>N</sup>EW ORLEANS TONIGHT IS THAT BLOWUP WITH RESPECT TO SMITH IS JUST BEGINNING OF GENERAL BLOWUP THROUGHOUT WHOLE STATE ADMINISTRATION, THAT OTHER MORE STARTLING DISCLOSURES OF GRAFT AND CORRUPTION ETC WILL COME TO LIGHT.

NOTHING SPECIFIC IN THIS REGARD HOWEVER. IT DOES NOT APPEAR TO BE GENERAL BELIEF SO FAR AS I CAN DETERMINE THAT SMITH IS TAKING BLAME FOR OTHERS. ~~GENERAL~~ GENERAL OPINION HOWEVER IS THAT ALL STATE OFFICIALS IMPLICATED IN VARIOUS IRREGULARITIES NOT NECESARILY IMPLICATED WITH SMITH IN THIS ONE. IT IS BELIEVED THAT LECHE IS VERY ANXIOUS TO LEAVE LOUISIANA AND WILL PROBABLY SUDDENLY BECOME WELL ENOUGH TO TRAVEL AND WILL LEAVE WITH HIS FAMILY ON EXTENSIVE VACATION. ENTIRE STATE IN TURMOIL OVER DEVELOPMENTS TODAY ALMOST AS BAD AS DAY HUEY LONG WAS SHOT.

I AM TONIGHT MAILING YOU COMMUNICATIONS GIVING DETAILS OF SITUATIONS MENTIONED HEREIN AND WILL KEEP YOU ADVISED CONCERNING FURTHER DEVELOPMENTS. COMPLETE NEWSPAPER CLIPPINGS HAVE BEEN SENT BUREAU AMASD. SACKETT  
END

OK FBI WASHINGTON DC FS

68



LIFE . TIME.

Your Huey Long picture and story in recent issue of - LIFE  
Last paragraph of - mystery - .

A Mississippi river pilot in South Channel of delta told me that part of the story in January, 1938. He went on to say that the body was buried in or under a huge block of concrete on the State House Square and that one of Mr. Long's body guards was in a sanitarium.

If - mystery - there be, a J. Edgar Hoover operative ought to be able to learn from the undertaker whether the fatal shots were fired from behind instead of in front or on the side when the young man approached Mr. Long, who recognized him, and called to his body guards - "Let him have it" -

Chicago - Illinois,  
Saturday - July 1, 1939.

I was a passenger  
RECORDED  
&  
INDEXED

62-32509-  
FEDERAL BUREAU OF INVESTIGATION

JUL 5 1939

TWO

COMMUNICATION  
KEEP ENVELOPE ATTACHED

63



WORKS PROGRESS ADMINISTRATION  
(ILLINOIS)

OFFICIAL BUSINESS

FEDERAL MUSIC PROJECT  
632 N. DEARBORN ST.

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF F.C.



Mr. John, Edgar Hoover  
Department of Justice  
Washington - D. C.



JLB:MC

July 13, 1939

RECORDED

62-32549-117

Special Agent in Charge  
New Orleans, Louisiana

Re: JAMES MONROE SMITH;  
Miscellaneous - Embezzlement of  
Funds of Louisiana State  
University.

Dear Sir:

Reference is made to your letter, dated June 20, 1939, transmitting therewith a photograph of James Monroe Smith, together with a photograph of Mrs. Thelma Ford Smith, with the request that twenty copies of each of these photographs be made and the Chicago, Memphis, Detroit, Buffalo, Boston and New York offices be furnished with two copies thereof.

Inasmuch as there is no need for the dissemination of these photographs at the present time, the originals are being returned herewith.

Very truly yours,

John Edgar Hoover  
Director

Enclosures

No copies of enclosures retained Bu file

Mr. Tolson	.....
Mr. Nathan	.....
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Egan	.....
Mr. Glavin	.....
Mr. Crowl	.....
Mr. Harbo	.....
Mr. Lester	.....
Mr. Lawler	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Tracy	.....
Mr. Quinn Tamm	.....
Mr. Nease	.....
Miss Gandy	.....

ORIGINAL FILED IN 62-32549-117



C  
P  
Y (mcw)

HOTEL HEIDELBERG

Baton Rouge, La.

June 29, 1939

Director,  
Federal Bureau of Investigation,  
Washington, D. C.

Re: James Monroe Smith  
Miscellaneous  
Embezzlement of funds  
of Louisiana State  
University.

Dear Sir:

Enclosed are a photograph of James Monroe Smith and a photograph of Mrs. Thelma Ford Smith, his wife. Please furnish this office twenty copies of each of these photographs by airmail and furnish two copies each to the Chicago, Memphis, Detroit, Buffalo, Boston and New York Offices.

Very truly yours,

B. E. SACKETT,  
Special Agent in Charge.  
(Per CEW)

RECORDED  
&  
INDEXED

62-32509-117

FEDERAL BUREAU OF INVESTIGATION
JUL 5 1939
U. S. DEPARTMENT OF JUSTICE

ORIGINAL FILED IN 5-162-117



AR:RLA

FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

RECORDED

To: COMMUNICATIONS SECTION.

62-32509-116

JUNE 25, 1960

Transmit the following message to:

MR. LEE FRANKLIN  
JENNINGS, LOUISIANASUGGEST YOU CONTACT LOCAL AUTHORITIES AS NO FEDERAL  
VIOLATION INDICATED BY YOU.

JOHN EDGAR HOOVER, DIRECTOR

FEDERAL BUREAU OF INVESTIGATION

COPIES DESTROYED

170 SEP 17 1964

SENT VIA

M

Per

A

67



FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 23 1939

WESTERN UNION

Mr. Tolson	
Mr. Nathan	
Mr. E. A. Tamm	
Mr. Clegg	
Mr. Coffey	
Mr. Egan	
Mr. Glavin	
Mr. Gurnea	
Mr. Harbo	
Mr. Lester	
Mr. Lawler	
Mr. Nichols	
Mr. Rosen	
Mr. Sears	
Mr. Quinn Tamm	
Mr. Tracy	
Miss Gandy	

L

WHO5 39 COLLECT

JENNINGS LA JUN 25 125P

✓ EDGAR J HOOVER

CHIEF BUREAU OF INVESTIGATION WASHDC

THERE IS A POLITICAL PLOT AGAINST MY LIFE AND OF MINE AND  
MY FAMILY PROPERTY BY LOUISIANA POLITICAL MACHINE  
AND THEIR HENCHMEN AND KNOW PERSONAL ENEMIES  
OFFERS FAILED TO PROTECT

RE. RUSH SECRET OPERATIVES TO JENNINGS AT ONCE

LEE FRANKLIN.

319P

RECEIVED

INDEXED

32507-116
FEDERAL BUREAU OF INVESTIGATION
JUN 23 1939
U. S. DEPARTMENT OF JUSTICE

6/25/39

handled

copy to Mr. Tamm

ROSEN

WATSON

61



CARBON  
COPY

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 26 1939

TELETYPE

Mr. Tolson .....  
Mr. Nathan .....  
Mr. E. A. Tamm .....  
Mr. Clegg .....  
Mr. Coffey .....  
Mr. Egan .....  
Mr. Glavin .....  
Mr. Crowl .....  
Mr. Harbo .....  
Mr. Lester .....  
Mr. Lawler .....  
Mr. Nichols .....  
Mr. Rosen .....  
Mr. Sears .....  
Mr. Quinn Tamm .....  
Mr. Tracy .....  
Miss Gandy .....

FBI NEW ORLEANS 6-26-39 5 6-35 PM WH

DIRECTOR

GOVERNOR RICHARD W. LECHE OF LOUISIANA DID NOT RESIGN TONIGHT  
AS EXPECTED. LIEUTENANT GOVERNOR LONG ISSUED STATEMENT TO  
EFFECT THAT LECHE WOULD NOT RESIGN FOR "SEVERAL DAYS" YET.  
STATE POLICE AS YET UNABLE TO DETERMINE PRESENT WHEREABOUTS  
DR JAMES MO NROE SMITH.

SACKETT

END

OK FBI WASH DC JAR

RECORDED  
&  
INDEXED

62-32509-115X  
FEDERAL BUREAU OF INVESTIGATION  
JUN 30 1939  
U. S. DEPARTMENT OF JUSTICE  
TOLSON  
TAMM  
2WO  
10X  
HOLS

ORIGINAL FILED IN 94-4-1785-12



JOHN EDGAR HOOVER  
DIRECTOR

Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

EAT:DM

June 22, 1939

MEMORANDUM FOR THE DIRECTOR

With reference to the memorandum addressed to me under date of June 17, 1939, concerning the obtaining of background data concerning former Lieutenant-Governor of Louisiana, Mr. X Noe, this information has been obtained and the telephonic report thereupon has been turned over to Mr. Tracy. When the complete data in letter form is received from New Orleans it will be transmitted to Mr. Tracy. I misunderstood the situation with reference to this information and made available copy of Mr. Sackett's memorandum to the Attorney General, who scanned it briefly.

Respectfully,

EDWARD A. TAMM

Tamm:

Since part of it has now been given to A. G. the original plan may be disregarded. Tracy will no longer handle it & you can give further developments to A. G.

RECORDED  
&  
INDEXED

64-32599-115

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 23 1939	
FEDERAL BUREAU OF INVESTIGATION	
U. S. DEPARTMENT OF JUSTICE	

70



KAT:MFB  
9:20 P.M.

June 22, 1939

MEMORANDUM FOR FILE

*ms*  
*h*  
*Richard W*  
I called SAC Sackett at New Orleans and told him that the Washington papers this morning indicated that the FBI Office at New Orleans is investigating a W.P.A. irregularity or scandal in connection with the resignation of Governor Leche. I asked Mr. Sackett if he knew of any kind of an investigation that W. P. A. agents were conducting, and he said Mr. Paul Hanson, Agent in Charge of the Division of Investigation was conducting an inquiry into the W. P. A. set-up there.

I told SAC Sackett if he received any press inquiries concerning this to decline to comment.

E. A. Tamm

*2 pp. to all*  
Mr. Tolson \_\_\_\_\_  
Mr. Nathan \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Coffey \_\_\_\_\_  
Mr. Crowl \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Foxworth \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Lester \_\_\_\_\_  
Mr. McIntire \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Q. Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

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&  
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62-32509-11  
FEDERAL BUREAU OF INVESTIGATION  
JUN 24 1939  
U. S. DEPARTMENT OF JUSTICE  
FILED  
TWO

ORIGINAL FILED IN 86-1045-17



RECORDED

ACH:LL

August 11, 1939

62-37509-11382

Special Agent in Charge  
New Orleans, Louisiana

Re: CRIME CONDITIONS - LOUISIANA

Dear Sir:

There are inclosed herewith two photostatic  
copies each of the following described communications,  
which were referred to the Bureau by the Departments:

Letter dated May 30, 1939, to the Attorney  
General from Mr. D. L. Bush, of New Orleans,  
Louisiana.

Copy of letter dated June 3, 1939, to Mr. Bush.

Letter dated June 27, 1939, to the Attorney  
General from Mr. Bush.

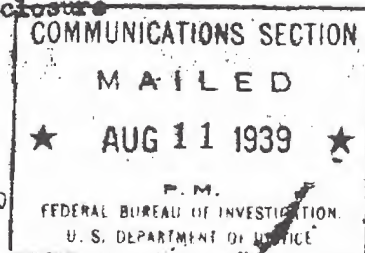
The Bureau has not acknowledged Mr. Bush's  
letters.

Very truly yours,

John Edgar Hoover  
Director

Mr. Tolson \_\_\_\_\_  
Mr. Nathan \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Coffey \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Crowl \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Lawler \_\_\_\_\_  
Mr. McIntire \_\_\_\_\_  
Mr. Rosen \_\_\_\_\_  
Mr. Sears \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Q. Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

Inclosure



Ad  
Sport



New Orleans, La.,  
June 27th, 1939.

Honoerale Frank Murphy,  
Attorney General,  
Washington, D. C.

Dear Mr. Murphy:

I knew things would break in time, and now I believe things are shaping up so you can be of real service to a badly used citizenry of our State.

I hope you will take hold when the time arrives and put some of the offenders where they belong.

I am sure you will find that Dr. Smith was not alone in the crooked work being exposed at this time, and while the pot is boil I think you can do some cleaning that is urgently needed.

I hope the roots of the evil will be blown out before the cleaning is finished. When that is done you will find that dark lantern business is responsible for more losses than Dr. Smiths embesement.

If we could rid this State of the gang that runs the gamb Booking, Slot machines, Pin ball machines, grab machines and pay off our little 2 X 4 politicians who allow them free right-of-way with lo teries and all kinds of gambling devices in violation of law we would be getting places. This bunch (and some of them are local people) have more money to play with than the people know about. They put a fellow like Smith to the front and opperate the business high handedly with practically no opposition from out State Officials.

Kindly come to our resecue now while things are opening u

Yours truly,

D. L. Rush.

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170 SEP 17 1964

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71-32509  
FEDERAL BUREAU OF INVESTIGATION  
AUG 15  
U. S. DEPT. OF JUSTICE  
113



FRUIT JUICE EXCHANGE

D. L. RUS

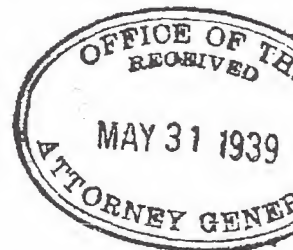
## Pure Fruit Juice In Cans

OUR BUSINESS IS SERVICE TO THE RETAIL DEALER

409 ST. CHARLES STREET PHONE RAYMOND 2816

NEW ORLEANS, LA.

May 30th, 1939.



Honorable Frank Murphy,  
Attorney General,  
Washington, D. C.

Dear Mr. Murphy:

After reading your remarks to the Associated Press while you was here in New Orleans yesterday, I was just beginning a letter to you expressing my appreciation of the way you handled the subject of Clean Government here in the midst of a Rack Ridden people who are hoping to be relieved from the situation by some one who has the power, and the desire to assist them, when the New Orleans States came out with an editorial that expressed my views and wishes so much more clearly than I would have been able to express them that I am sending you clipping of the Editoria herewith and hope you will read every word of it. I heartily indorse the views that are expressed in this editorial and think that at least 75% of the good citizens of Louisiana do the same.

We certainly do need a house cleaning here but the common citizens are helpless without assistance from higher up.

Will you and Mr. Hoover assist us?

8/11/39 - Sit. New C.

Thanking you for your kindly expressions in our behalf, and hoping you saw a few things while in Louisiana that will be remembered in future dealings with us,

I beg to remain,

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&  
INDEXED

FEDERAL BUREAU OF INVESTIGATION

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170 SEP 17 1964

Yours very respectfully,

AUG 15 1939

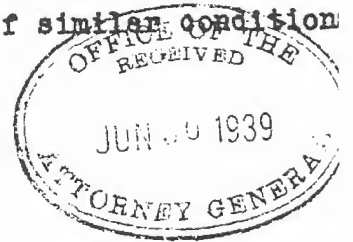
*D. L. Rush* DEPARTMENT OF JUSTICE

P. S. Kindly read over my letter to you dated April 25th, 1939.



*Refer to Mr. H. Jones*

In my letter to you of April 25th 1939 I mentioned to you (which you will probably remember) That you would have an opportunity to become acquainted with some of the cleaver handshakers in their intertainment of you at the L. S. U. when you came down to make a talk before the graduating students, and that you might have to deal with some of them in future. I think the time has nerely arived when your Decartment will take a hand. I hope you give them a square deal that they deserve. I know some will escape, but you may get enough to give a lesson of what may be expected in future if similar condition arise. D. L. R.



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170 SEP 17 1964

175



W. L. RUSH

FRUIT JUICE EXCHANGE

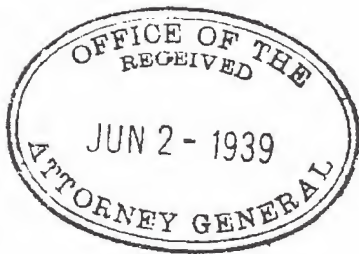
D. L. RUS

# Pure Fruit Juice In Cans

OUR BUSINESS IS **SERVICE** TO THE RETAIL DEALER

409 ST. CHARLES STREET PHONE RAYMOND 2816  
NEW ORLEANS, LA.

*D. L. Rush*





June 3, 1939

Dear Mr. Rush:

It was thoughtful of you to send me the editorials from the New Orleans States and the Times-Picayune, and I was interested, also, to read the views that you expressed. Thank you for your kindness.

Sincerely,

Mr. D. L. Rush  
409 St. Charles Street  
New Orleans, Louisiana X

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NYC SEP 17 1964

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New Orleans, La.  
June 21, 1939.

PERSONAL AND  
CONFIDENTIAL

Mr. M. E. Garnea,  
Federal Bureau of Investigation,  
609 U. S. Court House, Foley Square,  
New York City, New York.

Re: PURDUE.

Dear Sir:

At 10:15 AM June 20, 1939, you telephonically requested me to ascertain and advise you of the situation involving the slot machine racket being operated in New Orleans at the present time, particularly the participation therein of FRANK COSTELLO and PHIL KASTEL, who are supposed to control this through the Bayou Novelty Company. You also furnished the names of the Trumint Company and the Automint Company as being in the racket, and furnished the names of CHARLES SEIGERMAN and D. CRIGERMAN as being officials of the Bayou Novelty Company.

Your information also was to the effect that PHIL KASTEL is supposed to be operating 270 slot machines in New Orleans with SEYMOUR WEISS, and that he is also associated with WILLIAM HELIS, the Greek Consul in New Orleans.

From various confidential but reliable sources of information in this city, the information which you desire has been obtained, and I am setting it out below in this communication for your ready reference: INDEXED 62-32509-73X1

It appears that during the early part of 1935, Senator HUEY P. LONG is supposed to have entered into a deal in New York City with FRANK COSTELLO and PHIL KASTEL, whereby they were to have exclusive rights to place slot machines in the city of New Orleans. Prior to this time, an individual by the name of REED BRAINARD, who was from a very wealthy family in Chicago, his father having been a famous Chicago lawyer, had a great deal of money which he lost apparently, in the stock market, and discovered that among his other papers he had title to an invention of a slot machine. It appears that BRAINARD also had an interest in a manufacturing com-



pany in Chicago, believed to have been JERNINGS or some similar name, and he had this company manufacture what what later known as the "Chief" slot machine.

It also appears BRAINARD made a business connection with FRANK COSTELLO and PHIL KASTEL, and the three of them were the men actually behind the Chief slot machines.

During 1935 about eight hundred of these Chief slot machines were brought into New Orleans, and were in the active charge of BRAINARD, who came to New Orleans at that time, singled in very high society here, and openly admitted that while he was not a gunman in any sense of the word, he was in charge of the Chief slot machines in New Orleans.

As a matter of fact, BRAINARD told this story to a confidential contact of mine, the managing editor of a newspaper here, who told me same in confidence today during a general conversation I had with him. BRAINARD appeared at this particular editor's office and requested that the newspaper "lay off" the Chief slot machines. The newspaper agreed to do this if BRAINARD promised to keep the slot machines out of schools and away from other places where women and children congregated, which BRAINARD agreed to do. The newspaper thereafter did not agitate the removal of the slot machines, at that time.

The newspaper clippings on file in this office show that during the latter part of 1935, after the death of Senator HUEY P. LONG, there was a great deal of public opposition to the slot machines, and various ministers and other persons prominent in civic life tried to have the machines removed, without any affirmative results.

At this time it is apparent from information we have that PHIL KASTEL was in New Orleans from time to time as the "big man" behind the Chief slot machines, and that also FRANK COSTELLO was identified with these machines. It is apparent that they were operating through the Bayou Novelty Company, and as will be later shown, mail for this company is still received at 2601 Chartres Street, New Orleans.

Reliable information is also at hand which definitely indicates that MR. SEYMOUR WEISS was in with these slot machine men and actively was interested in this enterprise.

The Chief slot machines operated successfully in New Orleans until about two and a half years ago, at which time REED



BRAINARD, the front man for the outfit as stated, died. He is alleged to have been the "gentleman" of the crowd, and when he was in control here efforts were made to keep the machines out of the schools and similar places. However, upon his death FRANK COSTELLO and his crowd paid no attention to such limitations and placed machines in various places where school children and women were, which incurred the open animosity of the New Orleans Times Picayune and New Orleans States newspapers, and it was due principally to the campaign waged by these newspapers that Mayor ROBERT S. MAESTRI of New Orleans took action about two years ago, which effectively barred all slot machines, that is, machines having automatic payoff, from the city of New Orleans.

At that time the Chief slot machines were taken out by PHIL KASTEL and his crowd, undoubtedly being disposed of in other parts of the State, and since then the Chief slot machines have not operated in New Orleans, nor is any other automatic payoff slot machine operated.

Since then the so-called pinball machines have been in operation. Some of these are in reality slot machines which do not have an automatic payoff, but cash money is paid by the persons in charge behind the counter upon the player attaining a certain score or upon certain combinations of figures or numbers coming up on the machine.

Towards the end of the Chief slot machines a local group of individuals tried to put in pinball machines in the city, and there was a constant war between operators of the slot machines and pin ball machine operators, so that when the Chief slot machine operators were ousted from the city, the local men who ran the pinball machines gained control of the situation, and have held it ever since.

At the present time these pinball machines are legal, and a slot machine, which is illegal in New Orleans, is defined as a machine or game of chance having an automatic payoff.

The information which we have developed indicates that neither PHIL KASTEL nor FRANK COSTELLO are apparently active in the operation of the pinball machines in New Orleans at the present time. An informant advised me that about a year ago PHIL KASTEL is sup-



posed to have had a violent argument with SEYMOUR WEISS, and the two split. Since that date KASTEL has not operated at all in New Orleans, and has been here only on very few occasions.

Contact was made with the New Orleans Retailers Credit Bureau, New Orleans, and as to the Bayou Novelty Company, 2601 Chartres Street, New Orleans, the records show as of the year 1936 GEORGE R. WILLIAMS was manager of that concern; that the investigator for the Credit Bureau learned that it was reported locally that the Bayou Novelty Company is operated as a branch of the Bison Novelty Company of Chicago, Illinois; that the exact nature of the business activities of the Bayou Novelty Company was not definitely known, and that efforts to obtain the street address of the parent concern in Chicago have been unsuccessful.

An examination of the records of the Credit Bureau referred to reflects no credit transactions having been reported.

As to PHILLIP F. KASTEL, the records of the New Orleans Retailers Credit Bureau show that he is 38 years old, married, formerly of New York City, and of London, England; that the date of the investigation by the Credit Bureau as of December 3, 1936, shows that KASTEL had been in New Orleans for about two weeks, occupying an apartment with his wife at the Pontchartrain Apartment Hotel, New Orleans, at which hotel he was registered from New York City.

It was learned at the hotel by the Credit Bureau investigator that KASTEL was a director of WILLIAM WHITELEY of Glasgow, Scotland, manufacturers of White Horse Whiskey, and that KASTEL was also identified in the distribution of coin operated machines, but that that information could not be verified.

Further, the report shows that KASTEL has not established any banking connections, but from the way he was living the impression was that he had a substantial revenue from his activities. The records of the Credit Bureau did not reflect any credit accounts by KASTEL.

As to DUDLEY GEIGERMAN, the records of the said Credit Bureau show that in 1936 he resided at 4239 St. Charles Avenue, New Orleans, was from New York City, and that in February 1939 he moved to 1553 Phillip Street, New Orleans; that as a result of investigation by the Credit Bureau it was learned that GEIGERMAN was a salesman and contact man for the Bayou Novelty Company of 2601 Chartres Street, New Orleans; that he was 25 years old in 1936, married, one



son four years old, and formerly resided in New York City; nature of business, distributor of Chief slot machines; salary reported to be \$100.00 a week. The report of the Credit Bureau shows that DUDLEY GEIGERMAN has a brother named THEODORE GEIGERMAN, 35 years old, married, residing at his home in New Orleans, and from information received this brother is engaged in the same business as DUDLEY GEIGERMAN.

The records of the Credit Bureau reflect no information whatever on the Trumint Company or the Automint Company, or on FRANK COSTELLO.

Contact was made with a confidential informant at the New Orleans Public Service, Inc., New Orleans, and the records of that concern reflect that DUDLEY GEIGERMAN of 4239 St. Charles Avenue, New Orleans, Apartment E, became a customer of the company for light and gas on September 17, 1935 and that on February 1, 1939, DUDLEY GEIGERMAN changed his residence address to 1553 Phillip Street, New Orleans, where he is now located, and that the records of the company show that he has the usual deposit of \$10.00.

The records further show DUDLEY GEIGERMAN has an account at 2601 Chartres Street, New Orleans, which was started September 10, 1937, with a deposit of \$25.00 for light, gas and power. The records of the Public Service reflect that there was a discontinuance of this service for a brief period; that on October 17, 1938 DUDLEY GEIGERMAN renewed the account for the purchase of such service at 2601 Chartres Street.

The records show the nature of the business as submitted by DUDLEY GEIGERMAN is as follows: "W. J. COMM. OFFICE & WAREHOUSE". This account is still in effect and active.

The New Orleans Public Service, Inc., records do not reflect any information on the Trumint Company, the Automint Company, THEODORE GEIGERMAN and PHILLIP F. KASTEL.

Substitute carriers for 2601 Chartres Street, New Orleans, advised that mail is still being received at that address for the Bayou Novelty Company, and one carrier recalled the name of DUDLEY GEIGERMAN. He stated the occupants of these premises have Buick automobiles.

The place was observed by Special Agent J. O. PEYRONNIN, who entered under pretext, and found that the entrance is guarded by a white man, and the door leading to the inner office has a small sliding aperture, within which is an office where two men are seated



at a desk. The back room of the place observed from the street was noted to be vacant, no slot machines being in sight.

A stenographer of this office telephoned the Pontchartrain Apartment Hotel and learned that MR. PHIL KASTEL was registered there but was out of town.

It was noted from slot machines located on St. Charles Avenue the name of WILLIAM CRICKMAN, 2020 S. Galvesto Street.

In front of the residence of DUDLEY CRICKMAN, 1222 Phillip Street, was observed a 1934 Model Buick Sedan, Louisiana license 251-000.

Another confidential informant contacted by this office stated that he understood that FRANK COSTELLO and, or PHIL KASTEL were New York representatives of the Chief slot machines. He did not know if they were presently in New Orleans. He stated, however, their local man was JIMMY MORAN, an ex-convict from Atlanta, whose true name is JAMES BROCATTO, and who is a Dago and a close associate of Mayor ROBERT S. MAESTRI of New Orleans. BROCATTO is presently in partnership with JERRY WOODS, an ex-convict and bootleg king, and MR. LATINO, brother-in-law of MORAN, operating the Casino Club at 1412 Frenchmen Street, New Orleans. *La*

He stated that in the past six months the same crowd who had the Chief slot machines in New Orleans, have introduced at least 250 new machines on the order of slot machines, which are equipped for automatic payoff, but which do not pay off automatically, arrangements being made so the payoff is made over the counter when the winning combination shows up. These are altogether different in appearance from the old slot machines, and instead of showing up the usual cherries, plums and other fruits, they show up animals. These are nickel slot machines.

He said BROCATTO had been paid \$100.00 a day by the old crowd at the time the Chiefs were in here, and he understands that they are the ones who arranged for the franchise of the new machines. These appear mostly in barrooms in New Orleans.

Some of these machines were examined by agents of this office, and it was noted that they are products of the Mills Novelty Company, Chicago.

This informant, who was quite familiar with police activities in New Orleans, informed that so far as he knows there are no



outside connections with the gambling or vice rackets here; that the payoff to the police on these machines is through GEORGE BRENNAN, insurance man, who insures every slot machine, pinball game and claw machine in New Orleans for \$3.00 a week, and the money is supposed to go to the police.

From another confidential source associated with the handbook and policy racket in New Orleans, it was ascertained that SYMOUR WEISS was the big man in the slot machine business when the Chief slot machines were operating in New Orleans. It is reported that one TOM HILL, who was secretary to one of the Commissioners of the City Council, was a collector for the "Association" when these machines were operated, and that at about the time of the blow off HILL was accused by the "Association" of having stolen between two and four hundred thousand dollars. The "Association" or members of it, threatened to have HILL killed and he told them that all of the information which had come to him concerning the slot machine operations in New Orleans had been written up and at his death would be exposed.

It was the opinion of the informant that this was probably a ruse by the "Association" through which they were able to hold out on the owners of the machines in Chicago and New York. He said that this same HILL is now a partner with JOE BROWN in the gambling house run at 118-1/2 Baronne Street, New Orleans, which is the only white gambling house permitted to operate in the city limits.

He also said JIMMY MORAN, whose real name has heretofore been recorded, was the collector for pinball machines which are now operated in the city of New Orleans, and the said MORAN being a very close friend of Mayor ROBERT S. MAESTRI. He also advised that JIMMY FISHER, son of the State Senator from Jefferson Parish, Louisiana, is the collector for the pinball operations in that Parish.

The informant advised that the concern with which he is connected does not operate any pinball or slot machines. He said he himself has been approached by the men in New Orleans to put in these machines who informed him that the business was forty, forty and twenty, forty percent to the operator, forty percent to the owner and twenty percent to the "Association". He said that all of the penny cigarette machines in the city of New Orleans are taxed 25¢ a month, which goes to the "Association". He also advised that the

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music boxes in the city of New Orleans, which are quite numerous, are taxed the sum of \$2.00 per month, which also goes to the "Association", and that JIMMY MORAN is the collector for these instruments.

This informant was not acquainted with or familiar with the name of PHIL KASTEL; he did recall COSTELLO as being connected with the Chief machines when they were operated in New Orleans. He said, however, he was not a local man and is not in New Orleans at this time to his knowledge.

The informant did not divulge the names of the persons he referred to as the "Association" but it is assumed they are the same persons referred to by this office as the New Orleans "Syndicate". The names of PHILLIP KASTEL and FRANK COSTELLO have not been heard of as being members of the "Syndicate" in New Orleans in the past few years.

With reference to your inquiry concerning the Greek Consul in New Orleans, it is to be noted his name is WILLIAM HELIS. He is a multi-millionaire oil operator in South Louisiana, and a very close friend of Mayor MAESTRI and RYMOUR WEISS. It may be noted that Mayor MAESTRI was formerly Conservation Commissioner of Louisiana, and there is reported to have been a great deal of graft in connection with oil operations. Nothing has been heard heretofore by this office concerning his, HELIS', direct connection with the slot machine activities or vice conditions in New Orleans.

For further general information it has been learned during these inquiries the true name of the official fixer is ULLIO BURKE, rather than EDMOND BURKE, ULLIO BURKE being an uncle of EDMOND BURKE. It is to be further stated that HENRY CASSET is the official fixer of the Police Department.

The files further reflect that the New York City Police number for PHIL KASTEL is E-4836. There is no record of FRANK COSTELLO or PHIL KASTEL in the Identification Division of the New Orleans Police Department. It has been stated that the records of JERRY WOODS and JIMMY MORAN have been removed from the Identification division of the New Orleans Police Department.

I trust that the above will give you a complete picture of the slot and pinball machine situation in New Orleans as it did exist and as it exists at the present time. In the event you de-



sire any further specific information along any of the lines mentioned above, I will be pleased to provide you with same.

Very truly yours,

R. B. Rackett,  
Special Agent in Charge.

BES:CEW:JOP:RLS/WH

AIRMAIL-SPECIAL DELIVERY

cc - Bureau



JEM:EF

June 17, 1939

RECORDED

62-32509-113X

MEMORANDUM FOR THE ATTORNEY GENERAL

You will recall that you brought to my office a Mr. Harry Joseph Costello and that I had Mr. Tracy of my office interview Mr. Costello. I am attaching hereto two memoranda, one dated June 15, 1939, and the other dated June 17, 1939, containing information furnished by Mr. Costello to the representative of the Federal Bureau of Investigation. I am also attaching a copy of a clipping appearing in the New Orleans Times-Picayune for June 10, 1939, which has reference to this same matter.

I have taken no action upon the matters referred to in the enclosed memoranda since I thought you would want to review them first to determine what action you would want this Bureau to take.

Respectfully,

J. Edgar Hoover

John Edgar Hoover  
Director

Enclosures

Mr. Tolson \_\_\_\_\_  
Mr. Nathan \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Coffey \_\_\_\_\_  
Mr. Crowl \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Foxworth \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Lester \_\_\_\_\_  
Mr. McIntire \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Q. Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

COMMUNICATIONS SECTION  
MAILED

JUN 19 1939

RECORDED COPY FILED IN 62-1145-13X



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INDEXED

June 15, 1939

62-32509-11  
FEDERAL BUREAU OF INVESTIGATION

JUN 24 1939

U. S. DEPARTMENT OF JUSTICE

MEMORANDUM FOR THE DIRECTOR

RE: CRIME CONDITIONS  
STATE OF LOUISIANA

In accordance with your instructions, I talked this morning with Mr. Harry Joseph Costello, newspaperman, presently residing at 2123 California Street, N. W., Washington, D. C. Mr. Costello advised me that he is in Washington until July 1, 1939, at which time he will proceed to the State of Louisiana to be publicity man for former Governor James A. Lee of Louisiana, who is going to run again for the governorship, the primaries of the election being January 16, 1940. Mr. Costello stated that he is a World War veteran and has known Attorney General Frank Murphy since their army service during the World War. He was a newspaper reporter following the World War in Detroit, being on the Detroit News and Free Press until 1932. He has been in newspaper work in New Orleans for several years and was associated with Huey Long.

I was informed by Mr. Costello that he talked with the Attorney General and left with the Attorney General a selection of affidavits prepared in the presence of Mr. Costello in Louisiana, selected to show certain conditions presently existing in that state, which in his opinion amply prove a prima facie case of federal law violation.

Robert Maestri is alleged to be the head of the present political ring in Louisiana and concerning the background of Maestri Mr. Costello advised that he is an uneducated man of Italian descent, his father having died when he was very young. Possessing a natural shrewdness, he was able with his inheritance which consisted of control of the leading houses of prostitution in New Orleans, to make a great deal of money and in turn to acquire tremendous power in the state. After becoming very wealthy and powerful, Maestri tried to leave the prostitution activities and go into broader fields. He has attempted, according to Mr. Costello, to pull away from prostitution and prevent his name being associated with this particular racket. He is supposed to be very religious, worships his mother, and has furnished her everything possible. As an indication of the man himself, Mr. Costello said that Maestri, a short while ago, practically rebuilt a street on the

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ground that it was a religious organization, therefore, the use of city labor and materials for the work was quite all right in his opinion. Costello pointed this out in order to give a brief background of Kasetri and a picture of his method of reasoning.

Kasetri is alleged to be in control of the entire political ring which covers vice, gambling and innumerable shake-down and grafting activities, including the smuggling and sale of narcotics and the smuggling of aliens. As an example, Mr. Costello advised that the Hammond Progress, a newspaper at Hammond, Louisiana, one of Huey Long's old newspapers, is used in the shake-down racket. A Chinaman in New Orleans (whose name Mr. Costello can secure) was approached by a salesman from the Hammond Progress and instructed to take a definite amount of advertising. The Chinaman declined and the local officers immediately began a systematic persecution designed to prevent customers from using the Chinaman's laundry and he was thereby run out of business.

State employees are required to take subscriptions to this newspaper, the method being that a state employee will be approached by a representative of the paper and told that he is to pay immediately for ten subscriptions and that he is to sell those subscriptions to his friends. If he refuses to pay for all ten of the subscriptions, he is dropped from the payroll.

Mr. Costello advised that Huey Long would not tolerate personal dishonesty on the part of his subordinates and that they did not dare pilfer the state owned material, etc. While Huey Long was living, that, however, during the past four years since his death in September, 1935, the public generally in the State of Louisiana has lost all faith in all public officials. Mr. Garner Tullis, President of the cotton exchange, according to Mr. Costello, stated that conditions are very bad politically and that it is the plan of the "ring" to steal this coming election.

No WPA worker can hold a job without contributing to the machine according to Mr. Costello. Most of the projects, he states, now have WPA funds in connection with the state funds and 5% of the entire state payroll is deducted and although Mr. Costello does not know to whom it is sent, he advises that it definitely goes somewhere and the 1937 payroll was twenty million dollars for the State of Louisiana and it has increased approximately 40% since that time due to increased WPA

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activities. He estimates that in the past four years over six million dollars have been taken by the ring from this one source.

He advised that all public contracts, such as paving contracts, are subject to a 5% deduction, such deductions being handled in a sub rosa manner for the mob part. He further advised that Mr. Thomas Dewey of New York City has two men now in custody, one Frankie Costello, who was a Naples man for a slot machine ring named ~~Erissan~~ and two, Phil Kostell, head of the Alliance Distributing Corporation, handling King's Ransom, Scotch and other liquors. Kostell's associate was one Sam Macco, now under indictment at Cleveland, Texas, in a federal court on a narcotic charge. Mr. Costello advises that considerable information can be secured from the above named persons if they will talk. He further stated that one Miss Ganger has been before the grand jury in New York City and that she is in possession of considerable information concerning the Louisiana situation. She was a witness for Dewey.

Four flagrant cases covered in the affidavits furnished to the Attorney General and subject to immediate federal prosecution, according to Mr. Costello, involved (one) Governor Leche in connection with the building of his new home at Covington; (two) George Caldwell, Superintendent of Construction, Louisiana State University, (three) Superintendent of Conservation Quilbach of Bayou La Loub, Louisiana (between Slidel and Covington, Louisiana,) (four) Dr. Clarence Lorio, State Senator, Baton Rouge. With reference to Dr. Lorio, Mr. Costello advised that he was the real cause of Huey Long's death; that he and Dr. Ladree were two incompetent physicians who were "made" by Huey Long; that they operated upon Huey Long after he was shot and the operation was so bunglesome and they were so incompetent as physicians that Huey Long died more of the result of this operation than from the shooting itself.

Business Manager E. W. Jackson of Louisiana State University is also supposed to be involved in connection with the use of government owned materials.

Mr. Eddie Hebert, City Editor of the New Orleans States, a daily newspaper in New Orleans, got word of the theft of materials purchased by federal and state funds from the Louisiana State University at Baton Rouge and made arrangements to be notified by certain truckers so that when the trucks left Baton Rouge, photographs were at the home of Lt. Governor James L. Lachlan (during Governor Leche's administration) where material was actually delivered. Photographs of the trucks, the license plates and the



materials were secured and published and Mr. Costello advised that he has with him in Washington a complete file of the newspapers covering this and will be glad to furnish them to the Department of Justice upon request. He characterized Mr. Hebert as a courageous man, a cold blooded newspaperman, who would make an excellent witness, an excellent informant and would stand by his guns.

A hearing was scheduled in New Orleans this morning at 10:30 A. M. and Mr. Costello intended asking the Attorney General to have an observer present at this hearing, in connection with the theft of material from Louisiana State University. Mr. Hebert advised Mr. Costello that his testimony at this hearing would be to refuse to say a word. However, if the Attorney General of the United States desires to inquire into the Louisiana situation, he, Mr. Hebert, will speak to any representative of the Attorney General. Mr. Costello advised that during his talk with the Attorney General he neglected to ask him if he would have a representative present at the hearing.

Mr. Costello advised that Joe Lee now formerly with the Department of Justice was apparently responsible for the quashing of many indictments, including one against Seymour Weiss on income tax violations following the death of Huey Long; that they actually tried one Abe Shushan, a very wealthy stalwart of Huey Long; that the trial, however, was a travesty on justice; that the jury was fixed and that everyone in New Orleans and in the State of Louisiana openly discussed the fact that the jury was fixed in this case; that the federal judge from an outside state who tried the case was helpless. Mr. Hugh Wilkerson was counsel for Seymour Weiss. Seymour Weiss is alleged to have stated that he had to pay a large sum in the form of a penalty in connection with the civil angle of his income tax case.

Huey Long, according to Mr. Costello, was very bitter against Roosevelt and as a result would not let federal funds come into the State of Louisiana except in the administration of the National Youth Movement. WPA funds did not come in until after Long's death. Mr. Costello advised that the stealing on a broad scale from the state and the federal government started as soon as Leche became Governor in 1936. Leche and the political ring are accused of putting out the rumor that Farley is protecting them and blocking anything that the President may desire to do. Costello claims that the affidavits he presented to the Attorney General are not colored due to the fact that they were taken in his presence; that he was very careful in the preparation of the affidavits to be certain that they were confined to the facts in the knowledge of the affiant. He stated that it is the

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opinion of many people, including himself, that unless investigation is started before the January 16, 1940 primaries (the first primaries of any state due to a change in the primary date by Huey Long) there will be a lot of billings in Louisiana. With reference to the pay-offs he stated that many of them are made at 118 1/2 Barone Street, New Orleans, a gambling joint controlled by Weiss and Maestri; that the person to be paid goes in and gambles and wins the amount of his payment. He pointed out that ex-Governor Ego, who is going to run again, is an old playmate of the men who are now conducting the rackets; that, however, he believes they should be prosecuted; that he realizes that no candidate has a chance in the next election unless he makes it definitely known that he is against the vice, gambling, and racket hookup. Mr. Costello stated that he has contacted every state in the South and that with the exception of Virginia, the leading Roosevelt Men, are asking why has Frank Murphy, the Attorney General of the United States, not done anything in any southern state, although he has initiated investigations in Kansas City, Detroit, Michigan, New York, etc. He believes that if action is taken in Louisiana, that is dramatic action, it will probably break up gangs throughout the entire South, operating on a similar basis, to the benefit of Frank Murphy.

He stated that throughout the South there is a feeling in every state that there are but two prominent national figures who are unquestionably honest and sincere, those two being John Edgar Hoover and Frank Murphy.

He further advised that they have even got rackets working in the Social Security Board offices whereby an application is made for unemployment benefits falsely, the sum received being split. He pointed out that the Yellow Cab Company in New Orleans is owned by Weiss and Maestri and they have arranged for ships docking at New Orleans to dock at places where it will be necessary for the sailors to use Yellow Cabs to get back and forth to the city at a cost of forty cents each way, the ships definitely not docking in their usual places. He points this out to show that things are so organized that they are not overlooking even minor methods of conducting a racket.

He referred to the case of Chester Martin who attempted to protest against certain matters affecting the EPA; that the EPA investigative agency claimed it did not have jurisdiction; that SAC Hood at New Orleans of the FBI claimed the FBI did not have jurisdiction. He stated that this case is covered in the affidavits furnished the Attorney General. He pointed out that Martin would be an excellent contact and would be an aggressive intelligent witness; that he is courageous and has been given a

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position by the President of the Metropolitan Life Insurance Company, who is interested, after Martin had lost his job due to his efforts to prosecute certain irregularities taking place in the WPA.

Mr. Costello, although professing a close personal friendship and interest in the Attorney General, impressed me quite definitely as being interested more in the election of Vee as next Governor of Louisiana, than he is endeavoring to start a prosecution of the present Administration in Louisiana for the sole purpose of benefiting Vee and incidentally himself. He appears to be extremely anxious that something be done immediately and asked that Mr. Hoover discuss the matter with the Attorney General at the earliest possible time. He will remain available in Washington until the first of the month. He can be reached at Michigan 5187 or North 3494 and he is residing at the Brighton Hotel, 2123 California Street, N. W.

Respectfully,

S. J. Tracy

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SJT:RCL

June 17, 1939

4:45 PM

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INDEXED

MEMORANDUM FOR THE DIRECTOR

RE: CRIME CONDITIONS -  
LOUISIANA

FEDERAL BUREAU OF INVESTIGATION  
JUN 26 1939  
U. S. DEPARTMENT OF JUSTICE  
TOLSON  
E. A. TAMM  
Clegg  
Glavin  
Ladd  
Nichols  
Tracy  
Harbo  
Mohr  
Tele. Rm.  
Holloman  
Miss Gandy

Harry Costello, newspaperman and press representative for former Governor Fox of Louisiana, telephoned with reference to his interview with the writer a few days ago.

He advised that he had just received word from New Orleans that the public hearing he informed me was to be held was postponed indefinitely on the grounds of illness of the Governor. Mr. Costello has been informed that the "ring" is frightened and considerable excitement and consternation exists which apparently is the real reason for the postponement.

He stated that he wanted to furnish another name; that of Mr. Walter Coquille, a radio commentator of New Orleans known locally as the "Waver of Pom Pom"; that this radio announcer has made some very strong assertions on his radio program and claims he can prove each and every assertion made. Mr. Costello suggests Mr. Coquille as a source of information in the event the Department of Justice decides to initiate an investigation.

Mr. Costello stated that he will remain available for further interview in the event further information is desired from him concerning any of the affidavits submitted to the Attorney General.

I thanked him for calling and informed him that the Attorney General was out of the city, as he probably knew, and that I did not know the approximate date of his return; that nothing, however, would be done until the Attorney General had an opportunity to express his opinion concerning the information furnished by Mr. Costello.

Respectfully,

C. J. TRACY

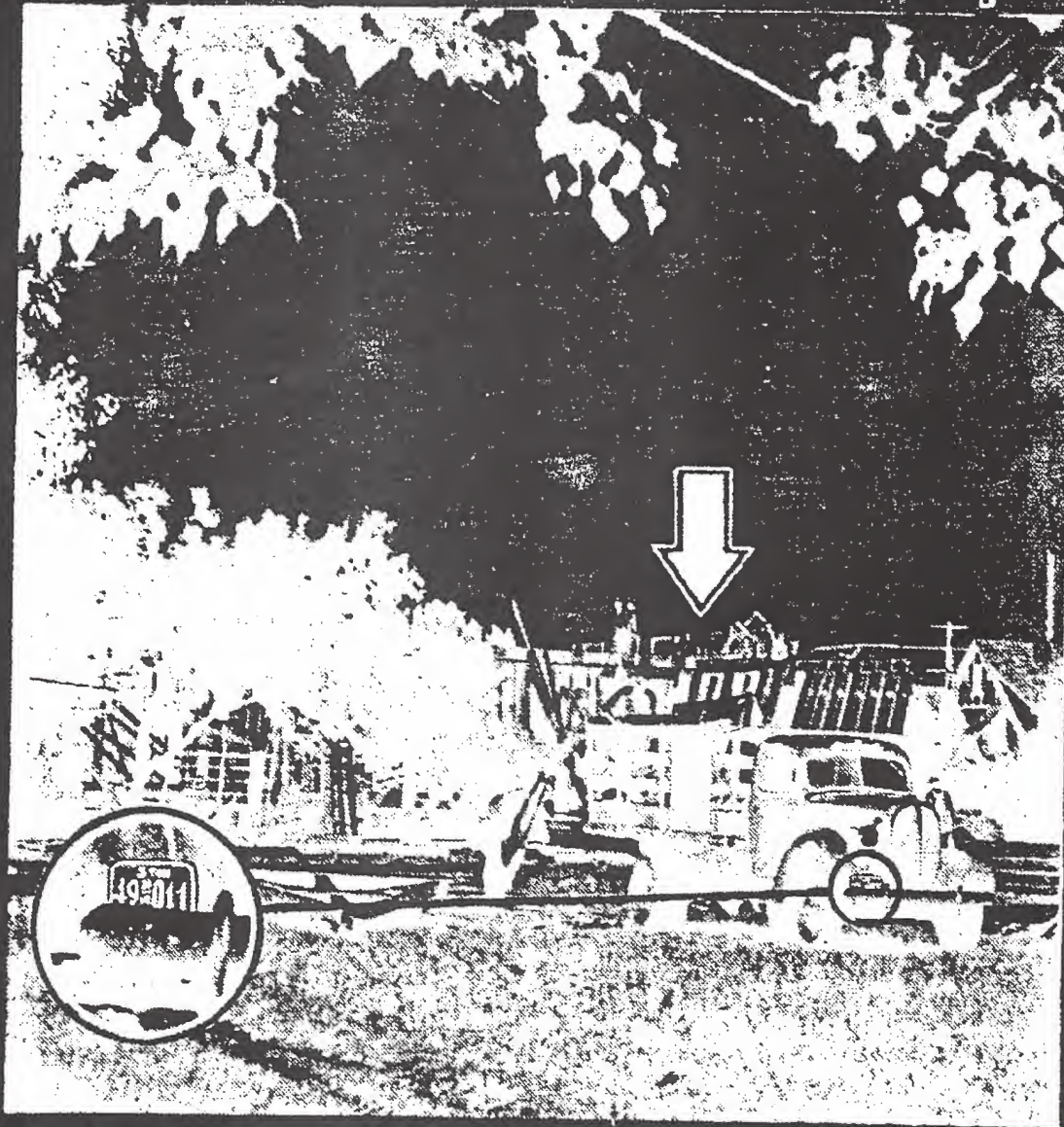
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Mr. Tolson  
Mr. Nathan  
Mr. E. A. Tamm  
Mr. Clegg  
Mr. Coffey  
Mr. Crowl  
Mr. Egan  
Mr. Foxworth  
Mr. Glavin  
Mr. Harbo  
Mr. Lester  
Mr. McIntire  
Mr. Nichols  
Mr. Quinn Tamm  
Mr. Tracy  
Miss Gandy

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## *This Is Why the Governor Ordered the Hearing*



—Photos by The Times-Picayune.  
Governor Richard W. Leche, through Attorney General David M. Ellison, has ordered an open hearing for 10:30 A.M. Thursday in Baton Rouge to investigate the "charges of illegal use of public property" in connection with the use of a Louisiana State university truck to haul window sashes to property listed on the records of the Jefferson parish assessor as belonging to "Catherine McLachlan, Ward 8." Mrs. Catherine McLachlan is the wife of James McLachlan, colonel on the governor's staff. The arrow points to the house under construction on the property and the inset is the automobile license "49-011," listed with the secretary of state in Baton Rouge as having been issued to a truck belonging to E. J. ...



# STATE TO PROBE L. S. U. TRUCK USE ON PRIVATE HOME

Leche to Play Prosecutor  
and Counsel for Owner  
at Proceedings

An open hearing Thursday for investigation of the use of a truck purported to be owned by Louisiana State university for the delivery of building material for construction of a private residence in Metairie was ordered Friday by Attorney General David M. Ellison at the instance of Governor Richard W. Leche.

At 11 a. m. Wednesday a truck bearing license plates identified through the office of the secretary of state as belonging to Louisiana State university, delivered window sashes and other finished wood to property on which a house is being erected in the Oak Park subdivision of Jefferson parish.

## Is McLachlan Property

Building records of Jefferson parish show that the house is being constructed on property owned by Catherine McLachlan. Records also show that the house is being built by James McLachlan, who is the husband of Catherine McLachlan.

Governor Leche said in Baton Rouge Friday afternoon that he will act as special assistant to the attorney general and as personal counsel for his friends, Mr. and Mrs. McLachlan, at the public hearing, which has been called for 10:30 a. m. Thursday in the supreme courtroom of the state capitol at Baton Rouge.

Attorney General Ellison's formal statement, handed to the press from his office in the state capitol late Friday afternoon, follows:

"With reference to the story appearing in the New Orleans States of this date charging illegal use of public property, I have, at the request of Governor Leche, called an open hearing to investigate these charges for 10:30 a. m. Thursday, June 15, in the supreme courtroom of the new state capitol.

summoned the following witnesses: Leonard K. Nicholson, New Orleans; James F. Crown, New Orleans; F. Edw. Hebert, New Orleans; Mrs. James McLachlan, Metairie; Mr. James McLachlan, Metairie; Rufus C. Harris, New Orleans, and Esmond Phelps, New Orleans."

"We'll probably have a state-wide radio hookup," Governor Leche said. "The people ought to know about these things. This business of using public property for private purposes has to stop."

"I will act as special assistant to the attorney general. I will also act as personal counsel for my good friend, Mr. James McLachlan."

"And Mrs. McLachlan?" he was asked.

"Yes, for Mrs. McLachlan, and I am going to be anything else that it is necessary to be there."

The governor answered, "I will also represent the truck driver. I'll be defense counsel for the downtrodden."

## Also Be Prosecutor

"And also the prosecutor?"

"Yes."

"Are you going to defend the fellow who told the truck driver to drive the truck?"

"Yes. There are going to be a lot of other people who will need defenses when I get through."

"Who are these?"

"I'm not saying."

"Who will preside over the hearing?"

"The procedure is prescribed by law; it will be one of the East Baton Rouge district judges."

Earlier the governor was asked why Dr. Rufus C. Harris was summoned. He replied "That will be disclosed at the hearing." Asked if the Rufus C. Harris summoned is the president of Tulane university, he said, "Yes, the last I heard."

President James Monroe Smith of Louisiana State asserted that he was "sure if a university truck was used, proper compensation was made."

"I will look into the matter," President Smith declared, as he ended the discussion and left for lunch.

Efforts to reach Mr. McLachlan were unavailing Friday.

Inquiry at Mr. McLachlan's home elicited the information that he was "out of town" and that there was no information as to where he had gone or when he would return.



Federal Bureau of Investigation  
United States Department of Justice  
Washington, D. C.

AR:MFW  
1:20 P.M.

June 19, 1939

MEMORANDUM FOR MR. E. A. TAMM

I called SAC Sackett at New Orleans with reference to his letter of May 22, 1939, concerning State Senator James Noe of Monroe, Louisiana.

I told Mr. Sackett the Bureau would like to have a discreet and confidential inquiry concerning the background and activities of Mr. Noe.

SAC Sackett desired to know just how extensive this inquiry should be. I told him in view of the letter he had written and also the fact that Noe had been here in Washington, I thought the inquiry should be complete, and should be sent to the Bureau under personal and confidential cover.

SAC Sackett said he would telephone the Bureau any information obtained from this inquiry.

Respectfully,

*Al Rosen*  
Al Rosen

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&  
INDEXED

62-32509-11

JUN 22 1939

EX-111

EX-111

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JER:HCB

June 17, 1939

MEMORANDUM FOR MR. Tamm  
MR. Clegg

With reference to certain inquiries which have been made concerning the conditions in Louisiana, the former Lieutenant-Governor of Louisiana, Mr. [redacted], was in Washington this past week and the Attorney General requested me to have a discreet and confidential inquiry made in Louisiana concerning his background and activities, and what his standing might be as to integrity, et cetera. I wish that you would have Mr. Sackett, our SAC at New Orleans, ascertain this information as soon as possible and then bring it to my special attention.

Very truly yours

John Edgar Hoover  
Director

Mr. Tolson \_\_\_\_\_  
Mr. Nathan \_\_\_\_\_  
Mr. E. A. Tamm \_\_\_\_\_  
Mr. Clegg \_\_\_\_\_  
Mr. Coffey \_\_\_\_\_  
Mr. Crowl \_\_\_\_\_  
Mr. Egan \_\_\_\_\_  
Mr. Foxworth \_\_\_\_\_  
Mr. Glavin \_\_\_\_\_  
Mr. Harbo \_\_\_\_\_  
Mr. Lester \_\_\_\_\_  
Mr. McIntire \_\_\_\_\_  
Mr. Nichols \_\_\_\_\_  
Mr. Q. Tamm \_\_\_\_\_  
Mr. Tracy \_\_\_\_\_  
Miss Gandy \_\_\_\_\_

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&  
INDEXED

JUN 17 1939

FEDERAL BUREAU OF INVESTIGATION

JUN 20 1939

98



Baton Rouge La. 3 1st 2-32509-112

Dear Sir:

ANONYMOUS COMMUNICATION  
KEEP ENVELOPE ATTACHED

RECORDED & INDEXED

FEDERAL BUREAU OF INVESTIGATION

MAY 7 1933

DEPARTMENT OF JUSTICE

We note from the press that the Governor says, "he is not interested in the Federal Judgeship job," and "that he felt his services would be worth more to the people of Louisiana than the salary of \$10,000.00 per year." Well, this statement is, at the most amusing to say the least, to us, the taxpayers of Louisiana, and also to a majority of state employees.

In addition to the obnoxious "shakedown" of five per cent of the salaries of state employees on May 16th, all state employees had to come across with "double" their former quota usually collected for subscriptions to the Hammond Progress, and the "deadline" for these payments in Baton Rouge State Departments was set for 4:PM on May 31st. We are informed that this huge "fund" was paid over to the Governor, before he left for Hot Springs Ark. We are also informed by some of the boys, whose salaries range from \$150.00 to \$200.00 per month, that their "orders" were to furnish 10 \$2.00 subscriptions and \$20.00 each in cash, or else? and those getting \$200.00 to \$300.00 per month, had orders to submit 15, \$2.00 subscriptions or \$30.00 each in cash.

We do not believe that there is anywhere in the United States "rackets" that would even compare with such as the above, and operated with such brazen effrontery, by those who are the beneficiaries, and who sit "back in swivel chairs, and laugh at the law, our courts, and our Grand Juries.

In making a casual estimate of the amount in cash, which was taken into the "till" or treasury, on May 31st, from this last subscription racket, based upon the present state pay rolls, and the scale placed with the Department Heads, according to their salaries, we figure the amount of "pay-off" to be in excess of \$500,000.00, or approximately more than a half million dollars. Of course everybody knows that this money is supposed to go to "The Hammond Progress" and we also know that our big Governor is very much interested in this newspaper.

We have heard quite a number of comments from some of the "boys", about this latest "racket", in view of this "shakedown of contributions" cutting a big "hole" in their vacation spending money; one of the most unfavorable expressions being: "Well, we employees bought that paper for Dick, and no doubt he sees the hand writing on the wall," and he wants to get all he can, while getting is good."

This obnoxious racket, sponsored by its "beneficiaries," who are at present our state officials, these "shakedown" collections made and which are forced from state employees, is nothing more than the worse kind of graft, corruption, and racketeering, and should be stopped; on the eve of a state-wide campaign for the election of state officers, this corrupt machine, is stopping at nothing to enrich themselves, with all they can "grab", in order to perpetuate themselves in office and political power.

There is a feeling in our minds, that an investigation by the Department of Justice of the United States, Mr J. Edgar Hoover of the Federal Bureau of Investigation, and the collector of Internal Revenue would disclose some very interesting details concerning these political machine rackets, in view of the huge amounts of "income" collected monthly during the past four years, apparently secreted, and the income taxes due the Federal Government from this nefarious racket is being evaded. What a fertile field, for such an investigation, and the results would indeed be financially interesting to the government.

Very respectfully





Hon. J. Edgar Hoover,  
Federal Bureau of Investigation  
Washington  
D. C.

AFTER 5 DAYS RETURN TO

BATON ROUGE, LA.



6/1/39  
Edgar Hoover Chief F. B. I.

ANONYMOUS COMMUNICATION  
KEEP ENVELOPE ATTACHED

Notice where you and Francis  
Murphy visited Louisiana.

May you can tell us just  
why Dick & Leche don't want  
an investigation into Huey  
Long's murder.

If Huey Long had  
of liked Roosevelt would not  
be serving his term.

Seems that The New Dealers use  
Joe Stalines sometimes occasionally.

Interested.

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&  
INDEXED

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FEDERAL BUREAU OF INVESTIGATION  
JUN 5 1939  
U. S. DEPARTMENT OF JUSTICE  
ONE  
H. L. Hunt





Chief J.B.L. J. Edgar Hoover  
Washington D.C.



New Orleans, Louisiana  
June 17, 1939

Inspector H. L. Dargatzis,  
New York, N. Y.

PERSONAL AND CONFIDENTIAL

Dear Sir:

The following information has been compiled in compliance with Bureau letter of June 10, 1939 to summarize the manner in which organized crime in New Orleans may be connected with members of the SHAPIRO-BUCKHALTER mob and also as to possible intercity and interstate relationships of the various gangs.

**"NEW ORLEANS - FURTHER CONNECTIONS AND ORGANIZATIONS."**

So far as it is known, members of the SHAPIRO-BUCKHALTER mob have no connections in New Orleans; nor is it known that they control any organizations in this city or that they have any influence here.

**"NEW ORLEANS - GENERAL ORGANIZED CRIME CONDITIONS."**

The City of New Orleans is rather wide open as far as prostitution and gambling are concerned. Other types of crime in New Orleans are negligible. There are no racket unions in New Orleans and racketeering conditions do not exist. During the past six years there have been no crimes of violence resulting in any extensive profit to the perpetrators thereof. All bank robbery gangs have been eliminated - burglaries are comparatively few. Auto thefts are very rare for a city of this size. The NEW ORLEANS POLICE DEPARTMENT is very active in connection with the more serious types of crime and have an extensive informant system so that they have knowledge of almost all activities of criminals within the city.

Prostitution is allowed to flourish with only minimal regulation. Occasionally raids are made on some of the smaller houses in New Orleans, the exact purpose of these raids not being exactly clear; no streetwalking is allowed. The houses of prostitution are quite orderly and madams of these houses have always proved cooperative with law enforcement agencies when called upon to do so. An extensive general white slave investigation has been made by this office in New Orleans over a period of approximately two years without resulting in any information that there is any form of organization among the various operators of the houses of prostitution, nor was there any evidence that the operators of these houses were engaged in the interstate transportation of prostitutes. It is rumored and reported that they are required to make a payoff to certain political elements of the city, which is organized into a group sometimes referred to locally as the "Syndicate," and which is reputed to be composed of the Mayor of New Orleans, the Governor of the State of Louisiana, the Superintendent of the NEW ORLEANS POLICE DEPARTMENT.

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RECORDED & INDEXED  
JUN 22 1939  
U.S. DEPARTMENT OF JUSTICE







6/17/39

bookies are forced to close down. There has thus far been no indication that these establishments are controlled by any outside individuals. The largest of these is that, of course, operated in connection with the gambling establishment at 118 1/2 Baronne Street. The New Orleans racetrack is operated by the **LOUISIANA JOCKEY CLUB**, of which **ROBERT REEDY** is President. **REEDY** is of a prominent local family engaged in the furniture business. He is, however, merely a front man for the interests which own the track. The track is owned by **LEO DANDORAND** and the estate of **JOSEPH CATTENICH**. **CATTENICH** died during the past racing season. Both **DANDORAND** and **CATTENICH** are Canadians, **DANDORAND** being an expatriate, having been born in Illinois. They are reputed to own a number of the minor race tracks in the United States, including those at **Harora** and **Fairmont, Ill.** **DANDORAND** is reputed to be a leading figure in the **Sporting Fraternity** in **Montreal, Canada**. It is said that he owns the **MONTREAL HOCKEY CLUB** and that he controls a racing publication in New York, probably **"THE NEW YORK PRESS."** He is described as follows:

Age	48 years
Height	5 feet 7 inches
Weight	180 to 200 pounds
Build	Heavy set
Face	Full
Hair	Black
Complexion	Ruddy
Appears to be	very prosperous

It has been reported that there is a private wire from the New Orleans racetrack to a lottery operated in **Newark, N. J.**, and that that lottery is operated under the numbers system, that tickets will be combinations of numbers which are sold and the payoff is made on the basis of a winning ticket corresponding with certain numbers appearing in the prize paid on mutual prices at the New Orleans racetrack. The local track is supposed to manipulate these numbers in accordance with the lottery operator's desires and is supposed to profit to the extent of \$25,000 a week for this service. It is recalled that during the **HINES** trial at New York City evidence of this operation was brought out, according to newspaper reports here. It does not appear that any lottery tickets are sold from New Orleans, an investigation relative to that having been investigated by Immigration Inspectors in New Orleans who are very much interested in proving a violation against **DANDORAND** for the purpose of causing his deportation. It is to be noted that **DANDORAND** was arrested by Immigration Inspectors on an alien warrant and that immediately thereafter Mayor **ROBERT S. MAESTRI** approached the U. S. Attorney at New Orleans, who caused the complaint to be dismissed. This is purely hearsay from Immigration Inspectors. There has been no other indication of outside influence on the New Orleans gambling interests, except for the fact that during the life of the late Senator **HUEY P. LONG** and continuing for some time thereafter, the **"CHIEF"** slot machines were given an exclusive franchise in the City of New Orleans and almost exclusive throughout the rest of the state.

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Inspector GURNEA

Re: FURBERES

6/17/39

It was reported that certain New York parties representing the manufacturers and operators of the "CHIEF" slot machines had made a deal with Senator LONG so that he was given an annual \$250,000 political contribution.

The liquor distributing businesses in New Orleans, so far as is known, are all entirely legitimate; there never has been received here any information that they are not.

The biggest share of the political graft in Louisiana is reported to arise out of the oil field concessions, the State of Louisiana owning numerous lands which are being exploited for oil. The details of how this is handled are not well known.

Very truly yours,

B. E. SACKETT,  
Special Agent in Charge.

CEW:ahs

AIRMAIL - SPECIAL DELIVERY

2cc-Bureau



1308 Masonic Temple Building  
New Orleans, Louisiana  
May 22, 1938

*W. F. Nichols*

Mr. J. Edgar Hoover  
Federal Bureau of Investigation  
Washington, D. C.

Re: Louisiana Political Situation

Dear Mr. Hoover:

At the Louisiana Peace Officers Association Convention in Baton Rouge, Louisiana last week, I had an excellent opportunity to single with the State's peace officers who, of course, are very influential factors in the State's political situation. EARL K. LONG, presently Lieutenant-Governor of the State, was very much in evidence, and openly announced his candidacy for the governorship. I had occasion to visit with Mr. LONG at different times during the Convention. He impressed me as being about the "dumbest white man" I have ever talked to, has very little intelligence, no tact, and not very much common sense. He has an over-abundance of confidence in himself, speaks authoritatively about matters he quite evidently knows nothing about, and generally makes a very poor impression. He is quite stubborn, egotistical, and is the type of man who would not listen to reason or advice from any source.

According to the present trend of the political picture, it is almost certain that EARL LONG will receive the Democratic nomination at the caucus of the party which will meet in several months to select a candidate. If he receives that support he is, of course, assured of election. The whole situation now hinges upon the actions of Mayor ROBERT S. MAESTRI of New Orleans, who appears to hold the key to the situation. If MAESTRI supports LONG in the caucus, LONG will undoubtedly receive the nomination. Mayor MAESTRI controls the political situation in the City of New Orleans, and a large plurality in the city would be sufficient to overcome any possible plurality in the rest of the State. The principal opponent of LONG for the governorship candidacy is State Senator JAMES MOE of Monroe, Louisiana. MOE is very popular throughout the State with the exception of the City of New Orleans, and is an anti-administration man. The only other active candidate for the State administration endorsement for Governor is WALKER C. MARTIN, presently State Public Service Commission Chairman. MARTIN is conceded not to have much of a chance. MARTIN was also present at the Peace Officers Association Convention; however, he did not take much of a part in the affairs, nor was he invited to make any speeches.

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Director  
9/25/76*

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NICHOLS  
TAMM  
TOLSON  
Miss Gandy

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May 22, 1939

It can be plainly seen from the activities at the Peace Officers Convention that Superintendent GIBBS and the State Police are for the candidacy of EARL LONG since everything on the program was so planned as to give EARL LONG plenty of votes and support. The general sentiment of the peace officers in attendance was not very favorable to LONG personally, but most of them apparently have taken the attitude that there is nothing which they can do about keeping LONG out and therefore would just have to go along with him.

I received confidential information at the Convention that in the event LONG is endorsed by the State Administration for Governor, EARL CHRISTENBERRY, who is presently Director of the State's Public Relations Office in Washington, will be a running mate of LONG for the office of Lieutenant-Governor. I spent quite a bit of time with EARL CHRISTENBERRY who was also present at the convention, and became personally friendly with him. CHRISTENBERRY is a very intelligent, tactful, diplomatic and likeable individual. He was private secretary to the late Senator HENRY P. LONG for some time, is a very good student of politics, and is a level-headed, capable young man. Mr. CHRISTENBERRY is about 35 years of age. His brother, HERBERT W. CHRISTENBERRY, is the first Assistant to the United States Attorney, RENE A. VIOSCA, at New Orleans. The fact that EARL CHRISTENBERRY will be Lieutenant-Governor in event EARL LONG becomes Governor is not known, and this information was given to me in confidence. During my association with EARL CHRISTENBERRY at the Convention and my general conversation with him, I came to the definite belief that Governor RICHARD W. LEACH is presently in Washington for the purpose of endeavoring to secure the appointment as United States District Judge in New Orleans; that he expects to secure this appointment within the next month or six weeks, and if so will retire from office as Governor to enter upon his duties as judge within the next two months. Upon this event taking place, EARL LONG will automatically become Governor of the State and will be in position to better further his candidacy for his reelection as Governor.

The name of SEYMOUR WEISS did not enter into any of the discussions. Mr. WEISS was not present at the Convention, and I received no indication that he is personally active in politics in the State. He undoubtedly, of course, is active behind the scenes.

One of my newspaper friends, EDWARD HERBERT, City Editor of the New Orleans States, in a general conversation had some weeks ago, informed me of the political situation which coincided almost exactly with the situation as I found it at Baton Rouge, and as related above. HERBERT told me that EARL LONG is extremely and rabidly anti-Semitic and that if he were elected Governor, the Jews in Louisiana would just about have



May 22, 1938

to leave the State; that for this reason, SHIMON BILIS and other prominent Jews in New Orleans and throughout the State, are bitterly against LONG for the governorship and are doing everything in their power to swing the sentiment away from LONG.

SAM GURVICH was very much in evidence at the Peace Officers Convention. He had his entire patrol force at Baton Rouge, all dressed up in blue-gray uniforms. He did a lot of his usual back-slapping and boasting, and tried to stick his nose into everything that went on. Although I had seen him only twice before, he tried to pretend he was very intimately friendly with me, tried to hang around the same group of people I happened to be with, and kept referring to me as "my old friend Ed." I more or less ignored SAM and by my actions and language let him and the others know that we were not pals, and that his presence was little short of a nuisance to me. GURVICH made no statements in my presence, nor did any information reach me that he made any statements or comments in any way detrimental or derogatory to the Bureau or any of its personnel. GURVICH, of course, seemed friendly with LONG and back-slapped him as much as anyone else in attendance.

There is no question in my mind but that if EARL LONG is elevated to the Governorship, he will unhesitatingly and without any subterfuge try to dominate the peace officers in Louisiana for his own purposes.

I thought that you should have the information relative to the whole situation as it appears to me at this time.

Very truly yours,

BES:ALS

B. E. SACKETT  
Special Agent in Charge



**Federal Bureau of Investigation**  
**United States Department of Justice**  
1308 Masonic Temple Building  
New Orleans, Louisiana  
May 22, 1939

Mr. J. Edgar Hoover  
Federal Bureau of Investigation  
Washington, D. C.

PERSONAL and CONFIDENTIAL

Mr. Tolson	_____
Mr. Clegg	_____
Mr. Coffey	_____
Mr. Crow	_____
Mr. Egan	_____
Mr. Foxworth	_____
Mr. Glavin	_____
Mr. Harbo	_____
Mr. Lester	_____
Mr. McInnis	_____
Mr. Nichols	_____
Mr. Quinn Tamm	_____
Mr. Tracy	_____
Miss Gandy	_____

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May 22, 1939

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May 22, 1939

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Very truly yours,



B. E. SACKETT

Special Agent in Charge

BES:ALS



JOHN EDGAR HOOVER  
DIRECTOR

**Federal Bureau of Investigation**  
**United States Department of Justice**  
**Washington, D. C.**

May 27, 1939

EAT:CHS

Time: 12:57 P.M.

LD  
3

MEMORANDUM FOR THE FILE

I called SAC Sackett of the New Orleans Office and advised him the Director desires that he prepare immediately a very comprehensive memorandum relative to the vice, corruption, political set-up, etc. in New Orleans, including the pay-offs, the organization and things of that nature, in order that the matter can be brought to the attention of the Attorney General. He was further advised that if it is at all possible, the Director would like to have this material sent to the Dallas Office by airmail, special delivery, so that the same will be there tomorrow morning. Mr. Sackett stated he would send this to the Director in care of the Dallas Office.

E. A. TAMM

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FEDERAL BUREAU OF INVESTIGATION
MAY 29 1939
U. S. DEPARTMENT OF JUSTICE
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62-32509-110X

**Federal Bureau of Investigation  
United States Department of Justice  
1308 Masonic Temple Building  
New Orleans, Louisiana  
May 27, 1939**

Mr. Tolson	✓
Mr. Nathan	
Mr. E. A. Tamm	✓
Mr. Clegg	
Mr. Coffey	
Mr. Egan	
Mr. Glavin	
Mr. Crowl	
Mr. Harbo	
Mr. Lester	
Mr. Lawler	
Mr. Nichols	
Mr. Rosen	
Mr. Sears	
Mr. Quinn Tamm	
Mr. Tracy	
Miss Gandy	

Mr. J. Edgar Hoover  
Federal Bureau of Investigation  
Dallas, Texas

**PERSONAL AND CONFIDENTIAL**

Dear Mr. Hoover:

In accordance with a telephonic conversation I had with Mr. Tamm this afternoon I have prepared memoranda dealing with the vice and political corruption situations in New Orleans and in the State of Louisiana. I am enclosing the original and one copy of each of these memoranda herewith.

I am also enclosing a copy of a letter which I addressed to you at Washington but which you have not as yet seen, dated May 22, 1939, dealing with the present political situation in Louisiana, which may be of interest to you.

I might state that Governor Leche is making strenuous efforts to "take over" General Murphy upon his arrival in New Orleans and to entertain him during his entire stay in the State. Mr. James Monroe Smith, President of Louisiana State University, this afternoon telephonically communicated with me and informed that Governor Leche had asked him to give a luncheon at the University at 1:00 P. M. this Monday in honor of General Murphy and Mr. Smith invited me to attend this luncheon. He also sent a telegraphic invitation to United States Attorney Viosca today, as the latter telephonically informed me. I have told all of these gentlemen that I know absolutely nothing about the plans of General Murphy or yourself during your stay here and that I could furnish no information regarding your itinerary or whether you would be available for any luncheons or other meeting purposes. Apparently the Governor plans to meet your party personally, according to Mr. Smith, who also advised me that General Murphy had agreed to stay at the Governor's Executive Mansion in Baton Rouge during the time he was in Louisiana.

I have all the necessary arrangements made here to meet you, as well as to take you any place you may desire to go at any time. Unless you advise to the contrary your party will be met by several Agents of this office and myself, without any motorcycle escort, or other State or Federal officials being in attendance.

RECORDED & INDEXED

Sincerely yours,

I ENCL. C

BES  
PMH

B. E. SACKETT  
Special Agent in Charge

FEDERAL BUREAU OF INVESTIGATION

JUL 5 1939

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NICHOLS  
MISS GA.

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TOLSON  
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MISS GA.  
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# General Organized Crime Conditions, in the State of Louisiana

MEMORANDUM FOR MR. HOOVER:

June 27, 1939  
May 27, 1939

## VICE CONDITIONS AND POLITICAL CORRUPTION IN THE STATE OF LOUISIANA

### GENERAL

Vice conditions in the 64 parishes throughout the state vary considerably. The sheriff of the parish is generally conceded to be the political leader and in control of the political situation. Sheriffs can succeed themselves in Louisiana, and a number of them have held office for many years and are considered to be outstanding political figures in the state. Among these are sheriff TOM HUGHES of Caddo Parish, Shreveport, La., FRANK CLANCY of Jefferson Parish, Gretna, La., G. V. SAUCIER of Avoyelles Parish, Marksville, La., and MILTON COVERDALE of Ouachita Parish, Monroe, La. Gambling and prostitution are prevalent in most of the parishes. At the present time practically every sheriff is a member of the state political machine and hence the organization has control of the conditions generally throughout the state. The late senator HUEY P. LONG had a law passed making it necessary for the Superintendent of the Louisiana State Police to approve deputies sheriff both as to the number of deputies a Sheriff can have and which candidates can be appointed to those positions. In this way, since the Superintendent of the Louisiana State Police is a political appointment of the Governor, the Governor can control the personnel of the sheriffs offices throughout the state to a large extent. Sheriffs in the state are making a vigorous effort to have this law repealed, and are hopeful of success during the next legislative session. There is no evidence of racketeering or of organized criminal gangs operating in any part of the state, the crimes being local in nature and committed by local individuals, and the gambling and other vice is controlled, in the large, by local interests.

### PROSTITUTION

The cities of Shreveport and Monroe, La. each has a red light district where the activities of the prostitutes are rather closely supervised. Throughout the rest of the state, outside of New Orleans, prostitutes operate generally unmolested in taverns, eating places, and hotels. There have been no concerted efforts in the state generally to restrict or control prostitution.

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GAMBLING → —

The parishes of Jefferson and St. Bernard, which adjoin the outskirts of the city of New Orleans, each has two leading gambling establishments, which are conducted on quite an elaborate scale, those in Jefferson Parish being known as the Old Southport and the Original Southport Clubs, and those in St. Bernard Parish being known as the Jai Alai Club and the Arabi Club. It may be noted that the Jai Alai Club is reputedly operated by the same SMITH and BROWN who live at the Roosevelt Hotel and operate 118½ Baronne Street in the City of New Orleans. Some evidence of a connection with the state political machine in these establishments arose recently when the "Times-Picayune" newspaper of New Orleans photographed state Highway Department trucks and employees working at paving the parking lot for one of the Southport Clubs, resulting in a considerable amount of publicity and the operations of these clubs being suspended for two or three days by GOVERNOR LECHE. When the news value of the story died down somewhat, these places again resumed operations. The usual slot machines and pinball machines are quite prevalent throughout the state, with the exception that slot machines have not been in operation in New Orleans during the past few years.

PAROLE SYSTEM → —

Convicts may be pardoned by the Governor or paroled upon recommendation of the State Parole Board, of which LT. GOVERNOR EARL K. LONG is chairman and the state Attorney General is a member. Up until a few years ago the governors were in the frequent habit of "furloughing" prisoners from the state penitentiary for long periods of time, which resulted in a great deal of adverse newspaper publicity. This practice has been discontinued to a large extent under GOVERNOR LECHE. There is no question but what there had been a large number of abuses of the parole system in the state. The Parole Board is constantly paroling long-term convicts, though very little publicity has been attendant thereto. It is rumored that EDMUND BURKE, Secretary of the political organization in New Orleans, is the "go-between" or contact man in negotiations to secure paroles for considerations.

POLITICS → —

The state organization is presently in control of the political situation, and all persons in office are chosen for their loyalty and support of that organization. The primary election amounts to virtually an election to any state office. The state organization selects its candidates through a caucus of the entire party, and support at that caucus is enough to insure receiving the primary nomination. At the present time LT. GOVERNOR EARL K. LONG is endeavoring to secure the party's support for the next Governorship

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of the state. He is opposed principally by two individuals, State Senator JAMES P. NOE of Monroe, who is LONG'S principal opponent, and Public Service Commissioner WADE O. MARTIN, who is conceded to have not much of a chance.

The party dominates virtually all public offices, and the office holders are kept in line quite effectively. Present Governor RICHARD W. LECHE was formerly GOVERNOR O. K. ALLEN'S secretary, prior to becoming Governor four years ago and it is reported that at the time he became Governor he had very little if any money. At the present time he is undoubtedly a millionaire, owning a large home in Covington, La. and having a great deal of oil interest. He also owns and operates a weekly newspaper called the "Louisiana Progress" which, of course, secures a great deal of advertisement from the business institutions carrying favor from the administration throughout the state. It is also reported that each state employee has to buy a number of subscriptions to this weekly commensurate with the salary he or she receives from the state. This also applies to the employees of the New Orleans Police Department and probably other city employees. (I have been informed by a confidential contact of mine) that this newspaper nets the Governor about \$100,000.00 a year. It was developed during an investigation by this office that the "Louisiana Progress" had assessed the city of Monroe, La. \$500.00 for a small advertisement in the paper, which some citizens of Monroe stopped by securing an injunction to restrain the city from paying the money. It is presumed that like assessments were made to other cities in the state.

It has been alleged and it is commonly known that there is a system of "de-ducts" whereby 5% of each state employee's salary is deducted from his salary check and no accounting is made of the use of these funds except that the money presumably goes for political purposes. A like deduction is made from the salaries of city policemen. The subscriptions to the "Louisiana Progress" are also taken out in the form of deductions from pay checks. It has been estimated by a New Orleans city policeman, related in the strictest confidence, that out of a salary of \$135.00 per month approximately \$20.00 goes to some form of contribution required of him by the political organization.

The late senator HUEY P. LONG passed a law which is still on the statute books making it an offense for any citizen or group of citizens to attempt to audit the books or records relating to state expenditures.

Respectfully submitted,

*B. E. Sackett*  
B. E. Sackett,  
Special Agent in Charge.

BES:bu



General organized Crime

MEMORANDUM FOR MR. HOOVER:

June 27, 1939  
May 27, 1939

Conditions New Orleans Louisiana

VICE CONDITIONS AND POLITICAL CORRUPTION  
IN NEW ORLEANS, LOUISIANA

GENERAL

The present Mayor, ROBERT S. MAESTRI, was an ardent supporter of the late Senator HUEY P. LONG and he is at the present time, insofar as the public knows, the dominant political factor and leader in the City of New Orleans. Persistent rumor has it, however, that in reality ALFRED DANZIGER, a very prominent attorney in New Orleans, is actually "the secret mayor". DANZIGER'S brother GEORGE occupies the position of assistant to Mayor MAESTRI and while ALFRED DANZIGER, himself, is not openly active in politics, he is believed to be the man who counsels and advises Mayor MAESTRI in his activities.

The city political organization is known as the Choctaw Club. This organization is dominated by Mayor MAESTRI, SEYMOUR WEISS, ABE SHUSHAN, a prominent business man and close friend of the late Senator LONG, and several of the City Commissioners. MR. EDMUND BURKE is the secretary of this club and has active charge of the gambling and other concessions granted by the organization. This individual is also reputed to be the go-between on State parole payoffs.

There is no question but what Superintendent GEORGE REYER, of the New Orleans Police Department, receives his orders from Mayor MAESTRI and carries out the wishes of the political organization. As will be set forth later (in this memorandum) the Choctaw Club grants lottery, gambling and pinball concessions throughout the city and the members of the New Orleans Police Department see to it that these concessions are protected.

The political leaders who dominate the Choctaw Club are also reported to have formed a syndicate into which all graft moneys are paid and through which they are distributed to the various officials in their proper proportions. It is reputed that the income from vice and gambling goes into this fund and is used by members of the organization to invest in businesses, as an example, the syndicate is reputed to have purchased the New Orleans Baseball Club from a Cleveland owner, namely, CHARLES SOMMERS. At that time the rumor was very commonly current that a certain sum of money in this fund had been embezzled by one of the men designated to handle it. This syndicate is reported to have purchased through these funds the Maison Blanche Department Store building, the entire block of ground on which the Roosevelt Hotel is situated, the Jacobs Candy Company, the New Orleans Baseball Club and a local bakery and to have invested in other local enterprises.

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Governor LECHE, SEYMOUR WEISS, ROBERT S. MAESTRI, ABE SHUSHAN and GEORGE REYER are reputed to be the principal members of this syndicate and to have benefitted most personally by these operations. It may be stated that SEYMOUR WEISS is Chairman of the Police Board of New Orleans, as well as President of the New Orleans Dock Board, a State organization, in addition to being President of the Roosevelt Hotel, Jacobs Candy Company and the New Orleans Baseball Club. He wields a great deal of influence through these connections and in a conversation with me he just as much as said that Governor LECHE would do anything he asked of him at any time.

The City of New Orleans is comparatively free from racketeering and organized vicious crime. The Police Department is known for its third degree tactics in handling the persons arrested and it is not believed that Superintendent REYER or Chief of Detectives JOHN J. GROSCHE would permit outside organized criminals to operate in the city. Prostitution and gambling in all forms is very prevalent in the city and is operated as hereinafter described.

MR. SAM GURVICH operates the New Orleans Private Patrol and has about three hundred men working for him. This organization is nothing more than a racket since it purports to do the work that the New Orleans Police Department actually should do. GURVICH'S men are stationed on a great majority of the docks, and patrol and protect most of the better residential districts throughout the city. It is believed that Superintendent of Police GEORGE REYER and possibly Chief of Detectives JOHN J. GROSCHE are silent partners with GURVICH in this organization. It is also believed that SEYMOUR WEISS possibly has a financial interest in the organization but it is definitely known that he is very friendly with SAM GURVICH and helps him in every possible manner.

#### PROSTITUTION

There are about six principal houses of prostitution in the city, all having from twelve to twenty prostitutes, which have operated unmolested for a number of years and with the apparent sanction and approval of those in power. These are as follows:

GLENN EVANS, 823 Bienville Street - 20 girls.  
BERTHA ANDERSON, 321 Royal Street - 15 girls.  
NORMA WALLACE, wife of PETE HERMAN, the ex-prizefighter, 1026 Conti Street - 15 girls.  
The Club Plantation, operated by PETE HERMAN and his brother, GASPER GULOTTA, 328 Burgundy Street - 12 girls.  
DOFA RUSSO, 304 Burgundy Street - 12 girls.



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Besides these, there are probably fifteen or twenty other recognized houses of prostitution in the city, all of the others, however, being smaller and not as prominent as the ones mentioned. It is believed that GASPER GULOTTA, the brother of PETE HERMAN, mentioned above, is the payoff man or go-between in connection with the payoffs made by the houses of prostitution operators to the syndicate. It is believed that Captain HENRY ASSET, of the New Orleans Police Department, is the police official in charge of enforcement of the rules or desires laid down by the syndicate and is in charge of the "policing" of the prostitution situation in New Orleans.

The only restrictions on prostitution in the city, generally, are that prostitutes must be examined at least once a month, however, this rule is not enforced, and prostitutes are not permitted to solicit on the streets or in any of the hotels but are not molested if they answer a call to any hotel other than the Roosevelt, which they are not permitted to enter. This rule is rather strictly enforced by the Police Department, of course, as a protection to so-called legitimate houses of prostitution. Practically all of the houses of prostitution are in the French Quarter of the city. Investigations conducted by the New Orleans office have indicated that those prostitutes which come to New Orleans from other cities do so, because of the favorable conditions with respect to prostitution here, of their own free will and there has been no indication of any organized transportation of prostitutes to the City of New Orleans.

GAMBLING

HORSE RACING AND BOOKMAKING. → -

The Louisiana Jockey Club at New Orleans has an 105-day racing season running from Thanksgiving day until the end of March of each year. A syndicate of track operators, owning numerous of the smaller tracks in the United States and Canada, is operated under the direction of one LEO DANDERANDE, a citizen of Montreal, Canada. One CATERNICH formerly dominated this group but he died during the past season. A local man, ROBERT EDDY, is front man and bears the title of President. This group is closely connected with SEYMOUR WEISS, Mayor MAESTRI and members of the local administration. This track is reputed to be one of the most crooked in the country and I have heard it said that at least one race a day is "fixed" and the proper officials are advised of the "fix" as part of their payoff.

During the time the track is in operation no bookmakers are allowed to operate in the City of New Orleans and the Police Department rigidly enforces this rule. When the track closes, however, bookmakers are allowed to operate freely and several hundred of them spring up into business to operate until the track reopens in the fall.

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GAMBLING ESTABLISHMENTS.

There is only one large gambling establishment catering to all the more popular forms of gambling, such as dice and roulette, permitted to operate within the city limits of New Orleans, that being the establishment at 318<sup>1</sup>/<sub>2</sub> Baronne Street, directly opposite the Roosevelt Hotel, which is run by two individuals known as BROWN and SMITH who reside at the Roosevelt Hotel. Other large gambling establishments are in immediately adjacent Parishes, however. The remainder of the gambling establishments in New Orleans constitute a set of "21" tables, Klondike games and, in a few places, roulette tables are permitted. Most of these are run in conjunction with a book-making establishment.

The Choctaw Club, through its secretary, EDMUND BURKE, is supposed to grant these gambling concessions, probably both on a political as well as payoff basis, and the Police Department through Captain ASSET and his Division see to it that only the approved gambling establishments operate.

SLOT MACHINES AND PINBALL MACHINES.

*omit* For a number of years slot machines operated openly in New Orleans, there apparently being an exclusive franchise given the makers of the "Chief" slot machines. Due to a great public demand for their removal they were removed and immediately thereafter the practice of putting out Klondike games was adopted by the Choctaw Club. These, likewise, met with a great deal of adverse publicity and were removed from most business establishments, only a few being presently operating in strictly gambling establishments. Pinball machines were next made the subject of attack by the local citizens group and at present only pinball machines not having an automatic payoff are permitted to operate. However, there are at present a great many pinball machines on which the award must be made in cash by the proprietor of the establishment in which they are situated. In effect, therefore, these are actually slot machines. These pinball machines are put out by about a dozen companies or groups, all of them being properly connected with those in power. The Police Department sees to it that only the authorized outfits have machines in operation. There is also unquestionably a large payoff from these pinball machine operators to the syndicate.

LOTTERIES.

At the present time in New Orleans there are about a dozen groups operating lotteries in the city, the activities of which are controlled by the Choctaw Club by concession or franchise with an appropriate payoff to those in power. These lotteries are of varied descriptions. The most popular one is played by the negro and poor white element and has a daily

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drawing. One may bet from .05 to \$5.00 in the lotteries. Every indication is that these lotteries are locally run and no interstate features have come to the attention of the New Orleans office.

POLITICAL SITUATION*in New Orleans la.*

The political machine *here* is an exceptionally strong one. The persons appointed to city offices invariably are loyal supporters of the organization and effectively carry out its orders and objectives in the administration of their respective city departments. A portion of all city employees' salaries goes to their ward boss, as well as other proportions being taken for the benefit of the State political machine. Since the New Orleans Baseball Club has come under the ownership of SEYMOUR WEISS and his associates Mayor MAESTRI has decreed a half-holiday for all city employees on the first day of the baseball season and practically instructed all city employees to purchase tickets.

The old Tammany Hall methods are used in controlling the votes in the city. The voting strength of the State is such that if a candidate for State office has a large plurality in the City of New Orleans he is virtually assured of election even though losing the balance of the State. The City of New Orleans, therefore, has dominated the State administration, except during the regime of the late Senator HUEY P. LONG.

Respectfully submitted,



B. E. SACKETT,  
Special Agent in Charge.

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